



Financial Condition Report

Best Doctors Insurance Limited

March 31, 2025

Contents

BUSINESS AND PERFORMANCE	3
GOVERNANCE STRUCTURE	7
RISK PROFILE	15
SOLVENCY EVALUATION	20
CAPITAL MANAGEMENT	23
SIGNIFICANT SUBSEQUENT EVENTS	25

BUSINESS AND PERFORMANCE

Best Doctors Insurance Limited (the Company) was incorporated as a Bermuda exempted company limited by shares on August 25, 2008. The Company commenced writing business on March 1, 2009, and is licensed as a Class 3B insurer under the Insurance Act 1978 of Bermuda and related regulations to write general business.

a. **Name of the insurer**

Best Doctors Insurance Limited

b. **Supervisor**

Bermuda Monetary Authority (BMA)
BMA House
43 Victoria Street,
Hamilton, Bermuda

c. **Approved auditor**

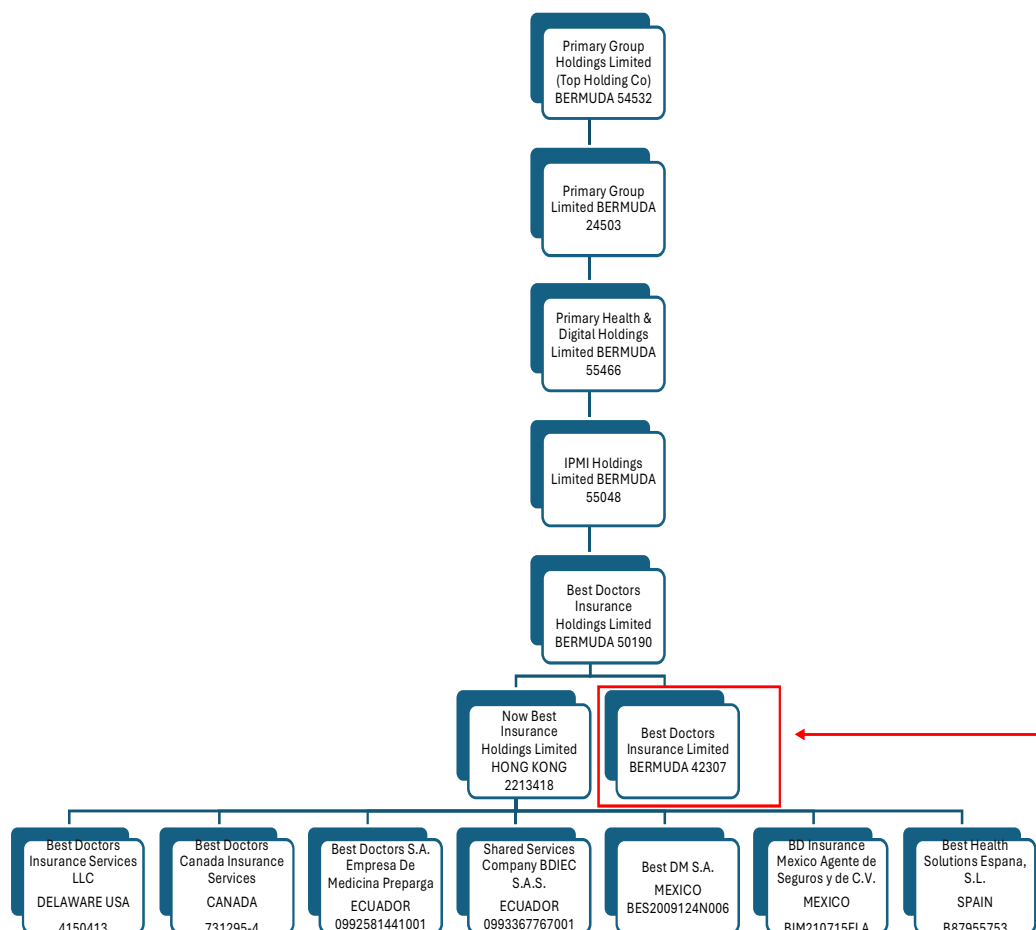
KPMG Audit Limited
Crown House
4 Par-La-Ville Road
Hamilton, Bermuda

d. **Ownership details**

The Company's parent is Best Doctors Insurance Holdings Limited (BDIHL) (previously named Tamsin Holdings Limited) which is owned by Primary Group Limited (PGL), a company incorporated in Bermuda. PGL is the investment holding company of the Primary Group, a group of predominantly small to medium size businesses engaged in insurance and other financial distribution activities in the UK and in other jurisdictions. PGL is a majority owned subsidiary of Primary Group Holdings Limited ("PGHL") and is the Company's ultimate parent.

e. Group structure

The following chart shows the Best Doctors group structure:



f. Insurance business written

The Company writes International Private Medical Insurance (IPMI) policies through selected intermediaries mainly in Latin America, and the Caribbean. The Company accepts business from both individuals and employees of corporations through a range of products focused on expatriate and high net worth individuals. The Company also accepts risks from an affiliated intermediary under the terms of a Binding Authority that provides IPMI in parts of Europe, Asia, and Africa.

Gross Premium Written by Business Segment for the Reporting Period

\$000's	2025	2024
Gross Written Premium	\$280,546	\$273,164
Total	\$280,546	\$273,164

Gross Premium Written by Geographical Region for the Reporting Period

GWP by Region \$000's	2025	2024
Latin America & Caribbean	\$250,533	\$245,309
Africa	13,436	11,779
Asia	11,182	10,363
Others	5,395	5,713
Total	\$280,546	\$273,164

g. **Performance of Investments and Material Income & Expenses for the Reporting Period**

All amounts disclosed in this section are extracted from the Company's consolidated financial statements audited in accordance with United States generally accepted accounting principles (U.S. GAAP) for the years ended March 31, 2025, and March 31, 2024.

Performance of Investments

The Company invests in a combination of cash and cash equivalents, fixed income securities and loans to related companies.

The return on investments for the year ended March 31, 2025, by asset class was as follows:

Investment Types \$000's	FY25 Balance	FY25 Investment Income
Cash and cash equivalents	\$91,904	\$3,664
Bond fund	20,186	734
Loans to related companies	35,294	1,212
Total	\$147,384	\$5,610

The return on investments for the year ended March 31, 2024, by asset class was as follows:

Investment Types \$000's	FY24 Balance	FY24 Investment Income
Cash and cash equivalents	\$86,336	\$3,103
Bond fund	11,452	363
Loans to related companies	34,082	1,485
Total	\$131,870	\$4,951

Material income and expenses

The Company's main revenue source is premiums. The Company cedes 95% of net earned premiums and losses (after inuring excess of loss reinsurance) to a third-party reinsurer with a loss corridor of 4%.

As per the reinsurance agreement, the Company receives ceding commission from the reinsurer which offsets administrative costs, underwriting, and business acquisition expenses.

The sources of underwriting income are illustrated below:

Income Sources \$000's	FY25	FY24
Net premiums earned	\$18,147	\$14,267
Transaction fee income	1,618	1,647
Ceding commission	117,573	100,754
Total	\$137,338	\$116,668

The Company's major expenses include underwriting expenses of losses incurred and commission fees, and other expenses such as management fees, bank fees and general and administrative expenses:

Major Expenses \$000's	FY25	FY24
Losses and loss expense incurred	\$16,801	\$13,854
Commission fees	79,523	69,766
Bank fees	5,120	4,397
Management support fees	27,238	24,398
General and administrative expenses	5,259	2,736
Total	\$133,941	\$115,151

h. Any other material information

On November 23, 2017, the Bermuda Monetary Authority (BMA) exercised its powers and issued directions to the Company because the Company did not meet certain conditions of its license which included decreasing liquidity, filing and reporting requirements in 2018. On March 7, 2025, the BMA amended the day-to-day operation of the directions, allowing broader prior approvals for specific types of payments.

The Company will exit the directive when it is able to successfully demonstrate to the BMA that it has remediated all matters of noncompliance and can comply with the conditions of its insurance license in the future.

The Company may also be subject to a penalty from the BMA due to its non-compliance which will be determined when the Company exits regulatory direction.

GOVERNANCE STRUCTURE

a. Board and Senior Executives

i. Structure and responsibilities

The Board of the Company has established a corporate governance framework to develop and oversee the Company's strategic objectives and business. The Board is assisted in its decision making by three key service providers: its Insurance Manager and Corporate Secretary in Bermuda, and an affiliated entity providing finance, administration, claims administration, actuarial, audit and risk management functions (Company Services). In addition, the Board relies on its appointed Head of Internal Audit and her team. The services are subject to contracts and agreed upon service standards. The Company relies upon the documented policies and procedures implemented with the Company Services.

The Board consists of five directors, including three independent non-executive directors. The following sub-committees report to the Board:

- Audit Committee
- Risk Committee
- Investment Committee
- Remuneration Committee
- Underwriting Committee
- Information Technology and Operations Committee

The committees meet at least quarterly and report to the board in the Board's quarterly board meetings.

ii. Remuneration policy

The Company's Remuneration practice is to establish a culture that attracts, motivates, rewards and retains high performing employees while providing a structured, transparent and fair approach to how employees should be compensated. Independent Non-Executive Directors are remunerated directly by the Company. Non-Executive Directors are remunerated by the Company's shareholder.

iii. Pension scheme

There is no pension or early retirement scheme.

iv. Material Related Party Transactions

Other than standard administrative agreements between parties which are reviewed by the Board, related Party transactions are reviewed by the Audit Committee. Material Related Party transactions during the year were:

- The Company accrued interest of \$1,212,206 on the loan to its ultimate parent during the year ended March 31, 2024 (2024: \$1,484,720).

b. Fitness and Propriety Requirements

i. Fit and proper process

The Board obtains the necessary information to assess each candidate for appointment to the Board to allow the Board to adequately assess whether the candidate's fitness and propriety satisfies the following criteria:

- the candidate possesses the necessary skills, knowledge, expertise, diligence, relevant qualification, and soundness of judgment to undertake and fulfil the particular duties and responsibilities of the particular position.
- the candidate has demonstrated the appropriate competence and integrity in fulfilling occupational, managerial or professional responsibilities previously in their professional career.
- the Company can conclude that the person possesses the competence, character, diligence, honesty, integrity, and judgment to perform properly their duties.
- the person does not have a conflict of interest in performing the duties.

ii. Professional Qualifications, Skills, and Expertise

The professional qualifications, skills, and expertise of the Board on March 31, 2025, were as follows:

Directors:

Stephen Welch

Mr. Welch has 29 years' experience and takes appointments as CRO, Chair or Non-executive Director working with financial sponsors and private investors in complex business environments providing strategic governance, regulatory and financial management advice. He is currently the Chairman of the Telegraph Media Group and The Spectator, preparing both businesses for sale. He qualified as a chartered accountant at KPMG Sydney, was a Partner at McGrath Nicol (a former restructuring division of KPMG) and was previously a Senior Managing Director at FTI Consulting in London. He holds a Commerce Degree and Masters in Commerce from the Australian National University and is a Chartered Accountant accredited by the ICAA. He has held regulated positions in the UK (CF1, CF3), NL, Sweden, Dubai, Luxembourg and in Switzerland.

William Nichol

Mr. Nichol has been working with Primary Group as Asia Chairman since late 2016. Prior to joining Primary Group, he spent over 25 years as an Investment Banker. The highlights of his investment banking career include 14 years at Deutsche Bank, Investment Banking Division Hong Kong where he was Managing Director and Global Head of Insurance; 9 years at Lehman Brothers, Investment Banking Division New York/Tokyo/Hong Kong as Head of Financial Institutions, Greater China and Southeast Asia and 3 years at Barclays de Zoete Wedd, Investment Banking Division London/Tokyo in the Corporate Finance Department.

Gail Fox

Ms. Fox has worked as an independent consultant since 2005 and is a non-executive director for companies in Bermuda. In addition, she has a part-time role for Cranham Management Limited where she has been responsible for all client matters for a captive portfolio of insurance and reinsurance companies including a segregated cell insurer. She previously worked at Aon

Insurance Managers (Bermuda) Ltd for 9 years as Managing Director/ Executive Vice President where she was responsible for the overall financial and qualitative performance of the captive management operation and client service for a portfolio of insurance subsidiaries of major North American entities. Ms. Fox has an MBA from Queens University in Canada.

Mike Deevy

Mr. Deevy is an experienced reinsurance and finance executive who, as CEO, managed the (re)insurance operations of Zurich Insurance Company in Bermuda for over eighteen years. This involved overseeing twenty companies and thirty-five employees at its peak. The experiences were varied, including company formations, restructurings, reorganizations, amalgamations and discontinuances. As Principal Representative for many of the reinsurance companies, acted as point person and/or relationship manager with the Bermuda Regulator, the Bermuda Monetary Authority. He also acted as point person for the Registrar of Companies, ABIR & ABIC. Responsibilities included oversight of all functions in the Bermuda office, including Underwriting, Actuarial, Finance, Compliance, Risk, HR and IT. The largest entity had annual premiums of approximately \$10 billion, and total assets of over \$19 billion, reflecting significant growth over the 18-year period as CEO. Other entities included the Centre Re Bermuda companies in run-off, the Zurich Group's Insurance Manager in Bermuda, and a US taxpayer entity (S. 953d election). Director on various Boards for over 30 years, including 15 Zurich Group companies and 5 third-party captive insurance companies. Memberships in Professional Societies and Associations include a Fellow of Chartered Accountants of Ireland, Member of the Chartered Professional Accountants of Bermuda, and a member of the Institute of Directors.

David Fried

Mr. Fried has had a career of 40 years in the insurance and financial services industry. He has extensive experience in a number of globally focused strategic roles, having spent 27 years with HSBC where he served in various CEO roles across the Americas, Asia, the United Kingdom and the Middle East. At HSBC, he was Group General Manager and Group Head of Insurance and Retirement Businesses overseeing the company's insurance and pension operations across 52 countries. He was also on the Executive Committee of HSBC Bank USA and the Hong Kong and Shanghai Banking Corporation. Mr. Fried is also the previous CEO, Emerging Markets at the QBE Insurance Group where he served on the Group Executive Committee, and CEO, Asia Pacific for Allianz SE where he served on the International Management Board. Mr. Fried also has felt that growth of the communities he lived in was a prerequisite and therefore has enjoyed his work with the Buffalo Philharmonic Orchestra, HK Philharmonic Orchestra, Juvenile Diabetes Action in HK, and the HK Cancer Fund. He is currently the Director of the Jewish Federation of Sarasota Manatee, where he also serves as the Treasurer, and Chairman of the Jewish Community Relations Committee.

c. Risk Management and Solvency Self-Assessment

i. Risk Management Process and Procedures

The objective of the Company's Risk Management Framework ("Risk Management Framework" or "RMF") is to ensure the Company can achieve its strategic objectives by promoting a pro-active

and risk-based approach to managing and mitigating risks associated with the business conducted.

The Company's Risk Management Framework seeks to set out a risk based and proactive approach to:

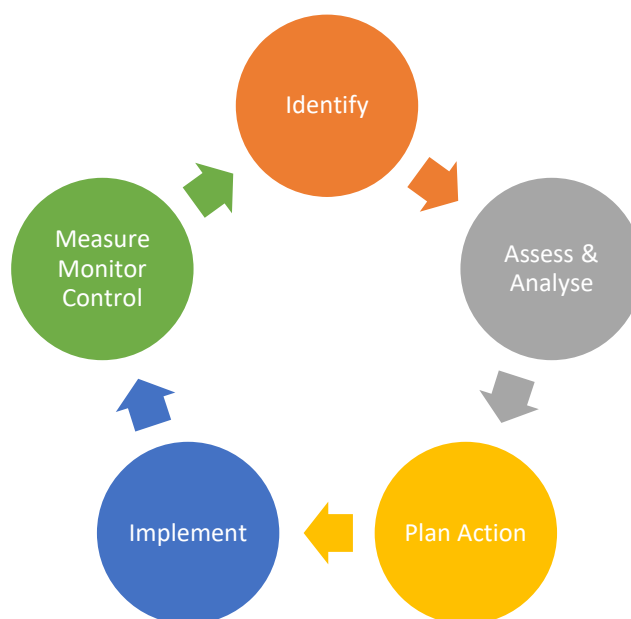
- Identify circumstances relevant to the Company's objectives.
- Assess them in terms of likelihood and scale of potential impact.
- Determine a risk management response strategy (risk mitigation).
- Monitor identified risks.
- Modify actions and mitigation as required.

By identifying and proactively addressing risks and opportunities, the Company seeks to protect and enhance value for stakeholders (investors, customers, staff at outsourced service providers, regulators, and the wider community). The main purpose of the Risk Management Framework is to ensure that the Company can achieve its strategic objectives by promoting a pro-active and risk-based approach to managing and mitigating risks associated with the business conducted by the Company.

The specific objectives of the Risk Management Framework are to:

- Ensure that all the current and future material risk exposures are identified and assessed, quantified, appropriately mitigated, and managed in accordance with the Company Risk Appetite and key tolerances.
- Introduce a governance and control framework for the Company's risk management processes.
- Ensure all stakeholders are aware of the framework and clear on their respective roles and responsibilities.
- Review all risk types and ensure risk mitigation is put in place.
- Ensure a systematic and uniform approach to the management and mitigation of risks.
- Facilitate compliance with relevant regulatory and legislative guidelines.

The cycle of risk management is as follows, and the Board is accountable for each stage:



Identify Risks: The Board is responsible for identifying new and emerging risks, with the assistance of the chief and senior executives, the Board Underwriting Committee, and the Board Risk Committee.

Risk assessment and analysis: The Board will assess risks both in terms of inherent (pre controls) and residual (post controls) basis. The likelihood of the event and potential financial impact will be the key measures reported by the Board.

Plan Action: Any actions required to mitigate risks will be recommended by the Board.

Implement: The Board will be responsible for ensuring required actions are implemented.

Measure, monitor and control: A means of measuring the effectiveness of actions taken will be implemented and reported to the Board.

ii. Integration of Risk Management Systems into Operations

Central to the Company's risk management approach is the close oversight and active participation of the Board, supported by documented risk management policies and the Board Underwriting Committee and the Board Risk Committee. Risk policies are in place which articulate the Board's requirements for the management of risk and provide the basis on which the risk management framework is implemented and integrated into the Company's.

Risk information from the risk management systems is used to monitor the Company's solvency and prepare the Commercial Insurer's Solvency Self-Assessment (CISSA). The CISSA is continually reviewed to ensure that the Company's capital adequacy and liquidity resources are sufficient based on the risks to the Company that arise from its operations.

iii Relationship between the solvency self- assessment, solvency needs, and capital and risk management systems

The Company performs a CISSA to identify, assess, monitor, manage and report on the short- and long-term risks it faces and to determine the capital resources it requires to always remain solvent and achieve its business goals. The process includes the consideration of severe stress events and the identification of contingent sources of liquidity and capital support to ensure that the Company continues to be able to achieve agreed strategic objectives. The CISSA projections assist in the design of the Company's capital management plan including its reinsurance programme and the need, if any, for additional capital.

Whilst the CISSA is performed annually, events or a combination of factors may occur during a year that may require further assessment. The Company's position is continuously monitored through the Risk Management Framework.

iv. Solvency self-assessment approval process

The Company's CISSA report has been prepared by the Chief Risk Officer who reports directly to the Board. The review process includes an assessment of the current policies and procedures in place and whether they are being adhered to. The final report is presented to and approved by the Risk Committee of the Board and ultimately the Board.

d. Internal Controls

i. Internal control system

The Company's internal control system encompasses the policies, procedures, processes, tasks, and behaviours that:

- facilitate effective and efficient operations by enabling the Company to respond to its significant risks;
- assist in ensuring the quality of internal and external information and reporting;
- assist in compliance with applicable laws, regulations, and internal policies and procedures; and
- provide the Board with the capability to monitor and assess the level of compliance with internal controls.

ii. Compliance Function

The Compliance function identifies the laws, regulations, and codes of conduct to which the Company is subject and seeks to embed compliance with these laws, regulations, and codes of conduct in the way the Company does business.

The Compliance function works in conjunction with the risk management team to assist in managing the regulatory risks faced by the Company.

ii. Internal Audit Function

The Internal Audit function develops and submits an annual audit plan for the Board's approval, which includes detailed audits of the Company's programmes, functions, and activities. The plan can be amended with the Board's approval and ensures compliance with Generally Accepted Auditing Standards. The function provides a comprehensive internal audit programme, conducting internal control audits to ensure effective risk minimization, compliance audits for adherence to laws and regulations, information/data audits for proper data handling, and special reviews as needed. These audits are conducted by an internal audit team which consists of the Head of Internal Audit and an internal auditor.

To uphold its independence, the Internal Audit function operates under the direct control of the Board and is authorized to audit all company functions and relevant outsourced service providers. It reports its findings directly to the Audit Committee of the Board, ensuring transparency. Compensation for internal audit personnel aligns with audit objectives, promoting impartiality. All company directors and service providers are expected to cooperate proactively with the Internal Audit function, avoiding any conflicts of interest. Those involved in the Internal Audit function must not participate in the Company's operations or in the selection and implementation of internal control measures.

i. Actuarial Function

The Chief Risk Officer is responsible for supporting the setting of the risk appetite by the Board and for providing comprehensive information on the Company's underwriting performance and reserves. This enables the Board to understand the overall risk profile of the Company. In addition, the Company employs Artex Risk as independent Loss Reserve Specialist.

Key duties and responsibilities include the following:

- Performing or overseeing the estimation of policyholder obligations, including assessing the adequacy of methodologies and assumptions and the quality of underlying data;
- Assisting in the execution of the Risk Management Framework particularly as it relates to modelling techniques used to estimate policyholder obligations, potential exposures, and capital requirements;
- Performing analysis comparing the estimated policyholder obligations against actual policyholder obligations paid; and
- Reporting to the Board on the dependability and sufficiency of the estimates.

The year end reserve estimates are reviewed by the independent Loss Reserve Specialist.

ii. Outsourcing

i. Outsourcing practice

The Board has an outsourcing policy in place which sets out the Board approved parameters for the outsourcing of operational activities. The outsourcing policy ensures that:

- the risks associated with outsourcing are appropriately managed;
- outsourced service providers have the appropriate expertise and experience to undertake the outsourced activities to the standards required by the Company;
- there is no reduction in the responsibility of the Board because of outsourcing;
- there is no material impairment of the quality of the Company's system of governance because of outsourcing;
- the Company's approved policies and procedures are adhered to by the outsourced service provider;
- there is no undue increase in operational risk or cost because of outsourcing; and
- there is no material impairment of the Company's ability to fulfil its obligations to stakeholders, nor impede effective supervision by regulators because of outsourcing.

The Company receives administrative support under the delegated authority of the Board.

The Company outsources the following key functions:

- a) Principal representative/Insurance Manager: management company in Bermuda
- b) Compliance Support: management company in Bermuda
- c) Corporate Secretary: corporate secretarial services company in Bermuda
- d) Actuarial Services: Independent Loss Reserve Specialist in Ireland

ii. Intra-group servicing

As noted above, and pursuant to an agreement approved by the Board, the Company receives finance administration, risk management and actuarial support services from BDIS, an affiliated company in the USA. BDIS provides claims management and underwriting and distribution support services to the Company. It also collects premiums and pays insurance claims on behalf of the Company and remits the net cash to the Company.

iii. Any Other Information

The Company does not have any other material information to disclose.

RISK PROFILE

a. Material risks that the Company is exposed to during the reporting period

Insurance Risk

Insurance risk comprises pricing risk, underwriting risk, claims management risk, reserving risk and reinsurance risk.

Pricing risk

Pricing risk in a health insurance company refers to the potential for financial loss due to inaccuracies in setting premium rates for health insurance products. This risk arises from several factors, including but not limited to, incorrect assumptions about future medical costs, changes in the healthcare delivery system, regulatory changes, and unexpected shifts in the insured population's health status. Inaccurate pricing can result in premiums that are too low to cover the cost of claims and administrative expenses, leading to financial deficits.

Underwriting risk

Underwriting risk is a material risk for the Company and relates to the risk that outsourced providers or underwriting support services write business that is not in accordance with contractual arrangements or underwriting manuals.

Claims management risk

Claims management risk is a material risk for the Company and is the risk that the Company will be exposed to an increase in claims costs due to ineffective management of claims by the Company's outsourced partners.

Reserving risk

Reserving risk is deemed material due to the potential impact on the Company's financial statements from fluctuations in the frequency and severity of claims, relative to the expectations of the Company.

Reinsurance risk

Reinsurance risk is the risk that the Company has purchased insufficient reinsurance protection and accordingly is a material risk for the Company.

The Company uses the Bermuda Solvency Capital Requirement (BSCR) to quantify the exposure to underwriting risk and performs various stress tests to determine the adequacy of the BSCR.

Credit Risk

Credit risk is the risk that the Company will suffer a financial loss because of a counterparty failing to meet all or part of their contractual obligations. It is considered a material risk for the Company. Credit risk arises from accounts and premiums receivable, balances due from reinsurers, and amounts due from affiliates. The Company uses the BSCR to quantify the exposure to credit risk.

Operational Risk

Operational risk is considered material for the Company and includes outsourcing, information technology (IT) and management information risks due to the significant amount of outsourcing engaged in by the Company. The Company uses the BSCR to quantify the exposure to operational risk.

Liquidity risk

Liquidity risk is considered material because the Company's current assets include amounts due from the ultimate parent. The Company has reduced its liquidity risk exposure by using monthly liquidity monitoring, reviewed by the Investment Committee, to ensure that sufficient liquid assets are available.

Market risk

Market Risk is not considered material because the Company's assets, which are available to pay cedant's claims, are invested in low risk and return holdings. As such the Company is not exposed to material market risk.

Legal and Regulatory Risk

The risk reflects the reductions in earnings and/or value, through financial or reputational loss, from failing to comply with applicable laws, regulations, or codes. Regulatory risk is considered a material risk and will be mitigated and controlled by compliance with the various Company policies.

Strategic Risk

Strategic risk is the risk of loss arising from lapse of business in key territories or due to unexpected changes in environmental factors that impact policyholders, or the health insurance markets in key territories. This risk is material for the Company because its business is concentrated in Latin America. This risk is reduced by the Company's strategic initiatives and monitoring of environmental factors.

Reputational Risk

Reputational risk is the risk that the Company's reputation with brokers and agents is damaged by business practices or conduct of business. This risk is reduced by compliance with the Company's policies.

b. Risk mitigation and monitoring

Risks are reported and monitored by the Board through the Risk Management Framework. The Board, the risk management function and internal audit will review the risk management framework and ensure the controls in place for managing the risk exposures are operating as intended. If a new risk emerges, the Board establishes new controls to manage the risk.

The Company's material risks are mitigated as follows:

Underwriting risk

Underwriting risk is mitigated by having comprehensive guidelines in place for different lines of business (individual and group), including clearly defined authority levels for each team of underwriters. Regular reviews are conducted to ensure these guidelines align with the Company's risk appetite and business profitability objectives. Management information for business written by the Company is reviewed periodically, and the Underwriting Committee monitors and acts on business segment results. Additionally, underwriting staff participate in periodic product and rate

reviews, as well as new business initiatives, to ensure compliance with guidelines. Internal audits by Quality Control and Internal Audit teams are performed to verify adherence to underwriting guidelines and binding authority terms. Training programmes are also implemented to keep underwriting staff updated on guidelines and their revisions.

Pricing risk

Pricing risk is mitigated by ensuring compliance with the underwriting manual and having the Company's reinsurer review rates and the underlying portfolio. Premium and claim data analytics provide insights for each health plan by territory and age group. Thorough actuarial analysis of past and recent claim levels, combined with forward projections and changes in provider claim reimbursement levels, is conducted. An experienced actuarial team calculates technical premium rates. Stress and scenario testing on lapse rates and rate sufficiency is performed, as detailed in the stress testing appendix to the CISSA. Additionally, regular monitoring and analysis of performance are conducted to mitigate pricing risk.

Claims management risk

The Company ensures compliance with reserving and claims management policies and procedures through pre-authorization of services, outpatient benefit limits, and using consultant networks and agreed hospital networks, all of which are audited for adherence.

Reserving risk

Compliance with reserving and claims management policies is ensured through quarterly reviews by an independent third party, monthly actuarial reviews, ongoing data quality monitoring, regular reserve adjustments, quarterly reserve committee meetings, independent actuarial opinions, continual claims development review, board approval, hindsight analysis, and the purchase of excess of loss and quota share reinsurance protections.

Reinsurance risk

Reinsurance risk is mitigated through the purchase of excess of loss and quota share reinsurance and stress testing of scenarios on a gross and net of reinsurance basis. In addition, compliance with the reinsurance risk policy is ensured through board approval of reinsurance programmes, stress testing, annual reviews and renegotiations, continuous quarterly reviews, and regular adjustments based on underwriting results.

Credit risk

Credit Risk is mitigated by using binding contracts for all insurance and reinsurance contracts. The amount due from ultimate parent is reviewed on an annual basis, demonstrating recoverability when required and the Company's risk appetite restricts the use of reinsurers that do not meet the Company's external credit rating requirements. Credit risk from the Company's quota share reinsurer is also mitigated by the right of offset of funds held balances.

Operational risk

Operational risks are mitigated by enforcing robust contractual agreements with all outsourced providers, clearly defining expected service levels. Comprehensive due diligence is conducted at inception and annually to ensure these providers consistently meet risk appetite requirements. All critical outsource providers must have robust data security, business continuity, and disaster recovery policies, supported by sophisticated management information systems.

Liquidity risk

The material liquidity risks will be mitigated by monitoring of liquidity projections.

Legal and Regulatory Risk

Legal and regulatory risk will be mitigated and controlled by compliance with applicable Company policies.

Strategic Risk

The Company mitigates strategic risk through rigorous planning, regular monitoring, and adaptive management. This includes setting clear goals aligned with its vision, conducting market analysis, and implementing robust governance frameworks. Regular strategic reviews, scenario planning, stakeholder engagement, and fostering a culture of innovation ensure adaptability. Leveraging data analytics and maintaining a flexible yet disciplined approach helps navigate uncertainties and seize opportunities effectively.

Reputational Risk

The Company mitigates reputational risk through proactive management and stringent oversight. This includes maintaining transparent communication with stakeholders, implementing robust compliance and ethical standards, and monitoring public perception. Regular reviews and audits ensure adherence to policies, while swift response strategies address any issues that arise. Engaging in corporate social responsibility and fostering a positive company culture further strengthen the Company's reputation.

c. Material risk concentrations

The Company monitors risk concentrations through its risk appetite monitoring process. The Company has a material underwriting risk concentration due to its exposure to concentrations of business in the Latin American region and to claims inflation caused by an increase in treatment costs in the US. These concentrations are mitigated using quota share and excess of loss reinsurance.

The Company has material credit risk concentration for the amount due from ultimate parent which will be reduced over time by repayment of the outstanding balance.

d. Prudent person principle

The Company applies the "Prudent Person Principle" in relation to investing its assets. It has taken a prudent investment approach by investing in cash deposits, a bond fund, and cash equivalents. Annual monitoring procedures have been established under the prudent person principle to assess security and quality of the amount due from its ultimate parent.

e. Stress testing and sensitivity analysis to assess material risks

The Company performs various stress tests and scenario analysis on an annual basis to determine the adequacy of capital/liquidity to ensure regulatory requirements can be met. The most recent analysis included stress tests on underwriting risk exposures, currency risk and inflation rate risk. The latest tests were performed based on its balance sheet position and aggregate in-force exposures as of 31 March 2025.

Underwriting Risk Exposures

Underwriting risk exposure is tested to identify stress events that can lead to material losses across the portfolio.

Currency Risk

The Company's loss provisions are tested for sensitivity to exchange rate changes.

Inflation Rate Risk

The Company's loss provisions are tested for sensitivity to inflation rate changes.

Following a review of the results of the stress and scenario testing, the Board believes that it has sufficient capital and liquidity to comply with the contractual obligations of the organization and regulatory requirements upon experiencing losses within its risk tolerance.

f. **Any other material information**

The Company does not have any other material information to disclose.

SOLVENCY EVALUATION

a. Valuation bases, assumptions and methods used to derive the value of each asset class

The Company has used the valuation principles outlined by the BMA's "Guidance Note for Statutory Reporting Regime" for the reporting period's statutory filing. The economic valuation principles outlined in this document are to measure assets and liabilities on a fair value basis (which is the value that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between open market participants at the measurement date). The fair value principles used for the assets are as follows:

Cash and Cash Equivalents

Cash and Cash Equivalents include certain highly liquid debt instruments with maturities of three months or less when purchased. Cash and cash equivalents are carried at face value which represents their fair value. Therefore, such balances are held at fair value under the BMA's solvency valuation basis.

Investments

Investments consist of an investment in a bond fund which is carried at fair value. The units of account that are valued by the Company is its interest in the fund and not the underlying holdings of such fund. Thus, the inputs used by the Company to value its investment in the fund may differ from the inputs used to value the underlying holdings of such funds. This fund is stated at fair value, which ordinarily will be the most recently reported net asset value ("NAV") as reported by their investment managers or third-party administrators. Investments are recorded at fair value in line with GAAP with both changes in fair value and realized gains/losses netted off Statutory Economic Capital and Surplus.

Accounts and premiums receivable

Insurance balance receivables are based on the GAAP value adjusted to reclassify insurance balances that are not yet due to technical provisions. These balances are held at fair value under the BMA's solvency valuation basis.

Advances to affiliates

This includes the loan and interest receivable from the ultimate parent. The loan has been valued at cost which approximates fair value under the BMA's solvency valuation basis. For solvency purposes the loan is excluded as an asset in the Economic Balance Sheet and thus the BSCR solvency coverage ratio.

Reinsurance balances receivable

Reinsurance balances receivable includes paid losses recoverable from reinsurers and is based on the GAAP value. These balances are held at fair value under the BMA's solvency valuation basis.

b. Valuation bases, assumptions and methods used to derive the value of technical provisions

Insurance technical provisions are valued based on best estimate cash flows, adjusted to reflect the time value of money using a risk-free discount rate term structure with an appropriate illiquidity adjustment. In addition, there is a risk margin to reflect the uncertainty inherent in the underlying cash flows which is calculated using the cost of capital approach and a risk-free discount rate term structure. The discount rate term structures are prescribed by the BMA for each reporting period.

The claims provision is calculated using the GAAP reserves as a starting point, and then adjusting for:

- Removal of any prudence margins
- Allowance for discounting
- Allowance for payables and receivables in respect of the claims provision
- Allowance for expenses
- Allowance for Events Not in Data (ENID)

The best estimate for the premium provision is calculated by using the unearned premium reserve on a GAAP basis, adjusting for bound but not incepted business as of March 31, 2025, and applying expected future loss ratios, expense ratios and appropriate claims pay-out patterns to derive cash flows which were then discounted. Future premiums receivable was then deducted from the premium provision.

There is an inherent uncertainty in the value of the technical provisions. Actual future losses will not develop exactly as projected and may vary significantly from the actuarial projections. Actuarial projections are subject to uncertainty from various sources, including but not limited to changes in the frequency and severity of claims caused by a variety of factors including fluctuations in the cost of healthcare treatment and medicine.

On March 31, 2025, EBS technical provisions were:

EBS Technical Provisions \$000's	FY25 Gross	FY25 Net
Premium provision	\$57,339	\$61,937
Loss and loss expense provision	38,848	4,061
Risk margin	742	742
Total	\$96,929	\$66,740

On March 31, 2024, EBS technical provisions were:

EBS Technical Provisions \$000's	FY24 Gross	FY24 Net
Premium provision	\$59,586	\$63,956
Loss and loss expense provision	36,868	4,983
Risk margin	379	379
Total	\$96,833	\$69,318

c. [Recoverables from reinsurance contracts](#)

The value of recoverables from reinsurance contracts is estimated using the amounts recorded on the US GAAP balance sheet.

d. [The valuation bases, assumptions and methods used to derive the value of other liabilities](#)

[Insurance and reinsurance balances payable](#)

Insurance and reinsurance balances payable are based on the GAAP value. These balances are held at fair value under the BMA's solvency valuation basis.

Commissions, expenses, fees, and taxes payable

Commissions, expenses, fees, and taxes payable are based on the GAAP value. These balances are held at fair value under the BMA's solvency valuation basis.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are based on the GAAP value. These balances are held at fair value under the BMA's solvency valuation basis.

e. Any other material information.

The Company does not have any other material information to disclose.

CAPITAL MANAGEMENT

a. Eligible Capital:

i. Capital management policy

The Company's primary capital management objective is to ensure that there is statutory economic capital and surplus available to meet the regulatory capital requirements and that processes are in place to ensure the appropriateness of the capital items. The Company has developed a medium-term capital management plan. This plan is reviewed at least annually following the completion of the CISSA and specifically addresses any capital needs that are identified.

ii. Eligible capital categorized by tiers

The eligible capital at March 31, 2025 was US\$26,863,000. The capital is all Tier 1 and comprises capital stock, contributed surplus, and statutory surplus.

iii Eligible capital categorized by tiers, in accordance with the Eligible Capital Rules used to meet the Enhanced Capital Requirement ("ECR") and the Minimum Solvency Margin ("MSM")

As of March 31, 2025, the Company's Eligible Capital for its ECR and MSM was categorized as follows:

\$000's	ECR	MSM
Tier 1 Capital	\$26,863	\$26,863

iv. Eligible capital subject to transitional arrangements

There is no eligible capital that is subject to transitional arrangements.

v. Encumbrances affecting the availability and transferability of capital to meet the ECR

There are no encumbrances affecting the availability and transferability of capital to meet the ECR.

vi. Ancillary capital instruments that have been approved by the Authority

The Company does not have any ancillary capital instruments.

vii. Identification of differences in shareholder's equity as stated in the financial statements versus available statutory capital and surplus.

The Company's shareholders' equity on a GAAP basis is adjusted to produce the Company's capital and surplus on an EBS basis. The following adjustments were applied to the Company's GAAP shareholders' equity to produce the Bermuda statutory capital and surplus:

- Adjustments for the impact of the revaluation of the GAAP premium receivables, unearned premium reserve, loss and loss expense provisions and related items to reflect values based on best-estimate cash flows, adjusted to reflect the time value of money using a risk-free discount rate term structure.

- Adjustment to include the general business risk margin.
- Adjustment to remove the intercompany loan, to the ultimate parent, as an admissible asset.

b. Regulatory Capital Requirements:

i. ECR and MMS at the end of the reporting period

At the end of the reporting period, the Company's regulatory capital requirements were assessed as follows:

Capital Requirements \$000's	Amount
Minimum Margin of Solvency	\$3,002
Enhanced Capital Requirement	\$12,007

ii. Identification of any non-compliance with the MMS and the ECR

The Company was compliant with the MMS and ECR requirements during the reporting period holding \$14,856,000 above the capital requirement resulting in a 224% solvency ratio.

iii. The amount and circumstances surrounding the non-compliance, the remedial measures taken and their effectiveness

Not applicable.

iv. Where the non-compliance has not been resolved, a description of the amount of the noncompliance at the end of the reporting period.

Not applicable

c. Approved Internal Capital Model used to derive the ECR:

The Company does not use an internal capital model and therefore this section is not applicable.

SIGNIFICANT SUBSEQUENT EVENTS

The Company considers events or transactions that occur after the balance sheet date but before the financial statements are available to be issued to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure.

On April 8, 2025, the Company received payment for \$5,212,205 on its outstanding loan due from PGL.

Subsequent events have been evaluated through July 2, 2025, the date that the financial statements were available to be issued.

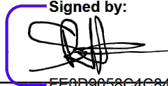
DECLARATION ON FINANCIAL CONDITION

Prepared in accordance with section 5 of the Insurance (Public Disclosure) Rules 2015

For the year ending – March 31, 2025

We, the undersigned Officers of the Company, declare that to the best of our knowledge and belief, this report fairly represents the financial condition of the Company in all material respects.

Signed by:



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Sheldon Kenton

Chief Executive Officer

Signed by:



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Jagbir Sodhi

Chief Risk Officer