

ADDITIONAL INFORMATION

1 Profile of the Company

1Edge Insurance PCC Limited (the "**Company**") is a protected cell company incorporated and domiciled in Guernsey. The Company operates a commercial general insurance cell, 1Edge Insurance Cell 1 ("**Cell 1**"), which is authorised as a category 3 insurer by the Guernsey Financial Services Commission ("**GFSC**").

The Company's registered office is Suite 1 North, 1st Floor, Albert House, South Esplanade, St Peter Port, Guernsey GY1 1AJ and its principal place of business is in Guernsey.

Cell 1 underwrites a portfolio of consumer insurance products, including one-year term life policies, personal possessions insurance and scratch and dent motor insurance.

2 Corporate Governance

The Company is required to comply with the GFSC Finance Sector Code of Corporate Governance, including the specific provisions set out in Appendix 3 for Licensed Insurers in Guernsey.

The Company has appointed WTW Management (Guernsey) Ltd ("the **Manager**") to manage its day-to-day operations. The Manager is licensed by the GFSC as an Insurance Manager and is responsible for providing regulated insurance management services to the Company.

The Company is governed by a non-executive Board of Directors ("the **Board**") comprised five directors, three of whom are fully independent non-executive directors with no associated to either the Manager or the Company's ultimate shareholder. The Board is responsible for strategic oversight of the Company and for supervising and monitoring the Company's relationship with the Manager.

The Manager, as a licensed Insurance Manager is required to maintain regulatory compliant systems and controls as a condition of its license. The Company relies on these control functions which include risk management, compliance, underwriting and finance.

3 Technical Reserves

In applying the Company's accounting policies, the directors must exercise judgement and make estimates and assumptions regarding the carrying amounts of assets and liabilities that are not directly observable from other sources. These estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The technical provisions included in the Company's financial statements represent the key areas of estimation uncertainty arising from the directors' application of the Company's accounting policies.

The principal technical items and provisions are as follows:

(a) Outstanding Loss Reserves

Provisions for claims reports and related recoveries thereon are estimated using the latest available information which comprises up to date reports from claims handlers.

(b) Incurred But Not Reported (“IBNR”)

The IBNR provision comprises an estimate for future claims expected in respect of policies incepted but for which claims have not yet been reported.

(c) Unearned premium reserve

The provision is an estimate of the unexpired portion of the underlying agreements to which the premiums relate.

4 Insurance Risk

Cell 1 is exposed to several forms of insurance risk arising from the nature of its products. Key components of insurance risk include:

Premium Risk – the risk that premiums may be insufficient to cover expected claims and associated expenses.

Reserving Risk – the risk that reserves held are insufficient to meet the ultimate cost of claims.

Claims Risk – the risk that the frequency or severity of claims exceed expectations.

Policyholder Default Risk – the risk that policyholder default on paying the premium agreed under the contracts of insurance.

Cell 1 mitigates these risks through disciplined underwriting, continuous monitoring of emerging experience and regular external actuarial review.

Due to the nature of the risks insured, the Board have determined that reinsurance is appropriate for the one-year term life business, of which 90% is reinsured with an A rated reinsurer. For personal possessions and scratch and dent products, the Board considers reinsurance to be unnecessary.

5 Financial Performance

The financial performance of Cell 1 for the Financial Year ended 31 December 2025 was as follows:

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|---|----------|
| Balance on technical account for general business | £47,112 |
| Investment income and bank interest | £14,104 |
| Total comprehensive loss after expenses | £241,622 |
| Total assets comprised | £664,139 |

6 Capital Adequacy

The Company is required by the GFSC to maintain a minimum level of capitalisation and solvency commensurate with its prospective insurance and other liabilities at all time.

This is a regulatory prescribed, market based, statistically determined, model known as the "Prescribed Capital Requirement" ("**PCR**").

With effect from February 2026, all retail general insurers shall be required by the GFSC to meet a PCR ratio of at least 135%.

Cell 1 already meets this increased requirement.

7 Financial Instruments

The Company's investments comprise bank deposits with regulated banking institutions and investment grade bonds.

As at 31 December 2025, total cash and cash equivalent assets held by Cell 1 totalled £174,297.

8 Enterprise Risk Management and Asset-Liability Management

The Company's risk management system and controls are overseen and operated by the Manager on a day-to-day basis in line with the management agreement in place between the Manager and the Company.

The Company retains sufficient liquid assets in bank accounts with approved banks in line with the Board's prescribed investment strategy laid down from time to time, to meet foreseeable liabilities arising from potential claims. As at 31 December 2025, Cell 1 holds liquid assets of £174,297 against short-term liabilities of £114,413. The Manager provides regular reports to the Board throughout the year on Cell 1's liquidity and overall risk position.