

Liberty Mutual Insurance Europe Societas Europaea

Annual Accounts for the year ended
31 December 2025

Registered Address

5-7 rue Léon Laval
L-3372 Leudelange
Grand Duchy of Luxembourg
R.C.S. Luxembourg: B232280

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Directors and Administration

Directors

Nigel Davenport	Non-Executive Director (resigned 31 March 2026)
Pierre-Edouard Fraigneau	Executive Director
Fernand Grulms	Chairman and Independent Non-Executive Director
Pierre Hentgen	Independent Non-Executive Director
Martin Hudson	Independent Non-Executive Director (appointed 5 March 2025)
Virginie Lagrange	Independent Non-Executive Director
Christian Rola	Authorised General Manager and Executive Director

Authorised General Manager

Christian Rola

Registered Office

5-7 rue Léon Laval
L-3372 Leudelange
Grand Duchy of Luxembourg

Company Number

B232280 (Registre de Commerce et des Sociétés)

Investment Managers

Liberty Mutual Group Asset Management Inc.

Independent Auditor

Ernst & Young S.A.
35E Avenue John F. Kennedy,
L-1855 Luxembourg
Grand Duchy of Luxembourg

Directors' Report

The Directors present their report for Liberty Mutual Insurance Europe Societas Europaea (the Company), together with the audited Financial Statements of the Company, for the year ended 31 December 2025.

Principal activity and review of the business

The Company's principal activity is to underwrite insurance and reinsurance business from its head office in the Grand Duchy of Luxembourg (referred to as Luxembourg) and its branches across Europe.

There have not been any significant changes to the Company's principal activity during the year.

The Company's ultimate parent company is Liberty Mutual Holding Company Inc. (hereinafter referred to as Liberty Mutual or LMHC). It is a diversified global insurer and one of the largest property and casualty insurers in the United States. Functionally, the two major business units of the Liberty Mutual Insurance group are Global Retail Markets (GRM) and Global Risk Solutions (GRS). The Company operates as part of the Liberty International Insurance (LII), Liberty Mutual Reinsurance (LMRe) and Global Surety segments within the GRS business unit.

Preparation of Financial Statements under Luxembourg legislation

The Financial Statements are prepared in accordance with Luxembourg accounting law.

Branches and offices

The Company operates from the head office in Luxembourg and through branches in the UK, Belgium, France, Germany, Ireland, Italy, the Netherlands, Norway, Spain, Sweden and Switzerland.

Directors' Report (continued)

Underwriting performance

The Company's underwriting result after expenses and excluding investment return was a profit of €76.6m (2024: €10.7m). The combined ratio improved to 91.7% (2024: 98.7%). Overall, the result for the calendar year was a profit before taxation of €309.4m (2024: €165.3m) driven by an underwriting profit of €76.6m (2024: €10.7m), an investment return of €201.4m (2024: €143.6m) and foreign exchange gains of €31.4m (2024: €11.0m).

	2025	2024
	€000	€000
Gross Written Premiums	3,238,486	3,004,999
Net Earned Premiums	921,499	868,772
Underwriting Profit	76,648	10,710
Profit before taxation	309,437	165,280
<hr/>		
Loss Ratio % ⁽ⁱ⁾	56.9%	68.2%
Expense Ratio % ⁽ⁱⁱ⁾	34.8%	30.5%
Combined ratio % ⁽ⁱⁱⁱ⁾	91.7%	98.7%

(i) The loss ratio is calculated as net claims incurred over the net earned premiums.

(ii) The expense ratio is the sum of operating expenses and acquisition costs over the net earned premiums.

(iii) The combined ratio is the sum of the ratios of net incurred claims and net operating expenses to net earned premiums. A combined ratio of less than 100% represents an underwriting profit. In calculating the claims and expense ratios foreign exchange gains and losses have been excluded.

Gross written premium increased by 7.8% year on year, predominately driven by higher volume across several classes.

The Company's underwriting result represents an improvement of €65.9m compared to prior year which is attributable to the decrease in the net loss ratio of 11.3%. This was primarily driven by benign catastrophe experience in comparison with the prior year which suffered from exposure to events such as the Dubai Floods, Storm Boris and Baltimore Bridge collapse combined with favourable reserve releases from older years.

The overall expense ratio increased by 4.3% year on year, primarily driven by a bad debt provision being held against the technical cash-clearing asset held on the balance sheet.

Directors' Report (continued)

Investment performance

The Company's investment portfolio generated a return of €201.4m (2024: €143.6m). The uplift in investment income is largely driven by higher income from maturing assets being reinvested into higher-yielding bonds, along with increasing bond yields during the year. The underlying interest income yield during the year was 3.9% (2024: 3.1%).

Foreign exchange gains/losses

The foreign exchange gains of €31.4m (2024: €11.0m) were driven by the translation of underlying functional currencies to USD.

Review of financial position

	2025	2024
	€000	€000
Investments and cash *	7,008,871	6,833,661
Gross technical provisions	9,143,392	8,933,899
Ceded technical provisions	3,031,271	2,656,748
Shareholder funds	2,732,365	2,370,806
Own funds	3,082,995	3,826,639
Solvency capital requirement (SCR)	1,056,307	1,086,106
Excess own funds	2,026,688	2,740,533
Solvency coverage ratio	292%	352%

* Investments and cash exclude debt securities issued by, and loans to, affiliated undertakings.

Financial investments and cash increased by €175.2m during the year, driven by the reinvestment of positive cash flow from premium deposits, net of claims paid, in securities or held as cash.

Gross technical provisions increased year on year which is in line with loss experience, claims recognition and settlement activity. Ceded technical provisions also increased following higher recoveries as a proportion of gross technical provisions, mainly due to the timing of settlements.

Shareholder funds increased by €361.6m, driven by the Company's profit for the year and an improvement in the revaluation reserve following a decrease in unrealised losses on available for sale investments as a result of favourable market bond yield movements.

Solvency position

The Company maintains regulatory capital coverage in line with its capital management risk appetite.

At 31 December 2025, the Company's eligible own funds, determined in accordance with the Solvency II valuation rules, were €3,083.0m (2024: €3,826.6m), which was in excess of the Internal Model SCR of €1,056.3m (2024: €1,086.1m). This represented a solvency coverage ratio of 292% (2024: 352%). The key drivers of the decrease in the solvency coverage ratio is the reduction of the Ancillary own funds facility from \$425m to \$25m and the inclusion of the \$300m dividend payment that is mentioned in the subsequent events disclosure.

Directors' Report (continued)

Principal risks and uncertainties

The Board of Directors is responsible for the oversight and operation of LMIE. The Board has established a robust corporate governance structure that is supported by the Board Sub-Committees, including the Risk Management Committee ("RMC"), Audit Committee, Nominations Committee and Remuneration Committee. This is further supported by Executive level "Legal Entity Committees" established by the responsible executives to assist them with discharging their duties by considering specific management information for oversight and management of LMIE's operational and regulatory performance.

From a risk management perspective, the Board meets regularly to approve any commercial, regulatory and organisational requirements which includes key policies, frameworks or other documents due to their importance of establishing expected standards. The Board sets risk appetites annually as part of the Company's business planning and capital setting process. The Board approves the Own Risk and Solvency Assessment ("ORSA"), which provides an assessment of the adequacy of the solvency and capital needs of the Syndicates risk profile on a current and forward-looking basis.

The Company has classified its risk exposures into high-level risk categories to enable the Risk Management Framework (RMF) to be focused on the most significant risks that impact business objectives. These categories also help to provide an aggregated and holistic view of the Company risk profile.

Insurance risk

Insurance risk is defined as the risk of a change in value caused by ultimate costs for full contractual obligations varying from those assumed when the obligations were estimated. The actual performance of insurance contracts is subject to the inherent uncertainty in the occurrence, timing and amount of the final insurance liabilities.

Insurance risk incorporates Premium Risk and Reserve Risk. Premium Risk is the variation of underwriting results from plan for reasons other than operational or insurance counterparty risk. This is influenced by the frequency and severity of claims events. Reserve risk is the variation in policyholder reserves for prior accident years required for reasons other than operational or insurance counterparty risk. This is influenced by uncertainty in the notification of claims and value of claims paid.

Premium risk is mitigated through a diversified business plan operating within Board risk appetites and supported through the Company's control environment, including underwriting controls. Reinsurance is utilised to mitigate against exposure to individual and correlated events.

Reserve risk is managed within the Board risk appetite and is mitigated through strong control mechanisms as well as detailed analysis and benchmarking exercises reviewed by Legal Entity Committees and Board Committees.

Market risk

Market risk is the risk of realised or unrealised investment losses or adverse net asset movements resulting from factors that affect the invested assets or insurance liabilities, including economic and financial variables. Market risk is subcategorised into asset-liability management risk (relating to mismatches in asset-liability currency mix and/or interest rate duration) and investment risk (which includes credit risk, spread risk, equity risk, property risk, concentration risk, alternative asset risk, illiquid asset pricing risk and inflation risk).

Market risk exposures are managed within the Company's Board Risk Appetite Statements and supported through the Company's control environment.

Directors' Report (continued)

Liquidity risk

Liquidity risk defined as the risk of the Company being unable to meet its financial obligations as they fall due, as a result of the insufficient liquid resources.

Liquidity risk exposures are managed within the Company's Board Risk Appetite Statements and supported through the Company's control environment.

Credit risk

Credit risk is the risk of financial change in value due to actual credit losses deviating from expected credit losses due to the failure of another party to meet its contractual debt obligations.

The principal source of credit risk arises from the inability of reinsurers to meet their contractual obligations if they become due. Credit risk also arises from brokers, third parties with delegated underwriting and / or claims authority or insureds, who are unable or unwilling to pay amounts to the Company as they are presented and fall due.

Credit risk is managed within the Board risk appetite statements and supported through the Company's control environment.

Operational risk

Operational risk is the risk of loss to the Company resulting from the inadequate or failed internal processes, people and systems, or from external events. This includes cyber and security issues, IT and risks arising from outsourced functions as well as legal and non-dispute risks.

Operational risk is managed within the Company's Board Risk Appetites and mitigated through the use of the three lines of defence model in conjunction with a system of documented, monitored and tested internal controls. The model aims to provide clarity over roles and responsibilities within the Company, ensuring that all key risk activities are managed effectively.

Strategic risk (including Group risk)

Strategic risk is the risk of loss to the Company arising from key business and strategic decisions and their execution, improper implementation of decisions or lack of responsiveness to industry changes. This includes Group risk whereby activities and decisions taking place in the wider Group could negatively impact LMIE.

LMIE minimises its exposure to strategic risk through the achievement of its Strategic Risk Objectives. Strategic risk is mitigated through the development and implementation of the Company's strategy, business plan, monitoring of the Group's financial strength and supported through the Company's control environment.

Sustainability risk (including Climate Change)

Sustainability risks, which consider environmental, social and governance risks, affect the Company's relationship with external stakeholders. Failure to address sustainability factors may lead to reputational damage, loss of trust with customers, and regulatory and financial interventions. Integrating Sustainability across business and operations functions is an important part of the strategy.

Sustainability risk, which includes climate change risk, impacts several risk areas across the Company and as such it is being mitigated through the existing Risk Management Framework.

Climate Change risk is defined as the risks posed to LMIE's business plan, strategy, and people as a result of the accelerated warming of the Earth's atmosphere. Risks are expected to materialise over an extended timeline. Analysing external dynamics is essential for understanding short-, medium- and long-term risks and opportunities. It is also important to consider the strengths and limitations of the tools and models in place today and acknowledge that defining stringent time horizons for climate risks, while helpful, requires a flexible approach that allows for the integration of evolving views.

Directors' Report (continued)

Sustainability risk (including Climate Change) (continued)

Given the unique characteristics of physical and transition risks, we assess each using different models and time horizons. For physical risk, the time horizons are short-term (0-10yrs), medium-term (10-25yrs) and long-term (25yrs+). For transition risks, the time horizons are short-term (0-5yrs), medium-term (5-15yrs) and long-term (15+yrs). In assessing how climate-related risks affect the six key risk categories, Liberty Mutual is aligned with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and considers physical and transition risks as key drivers of financial impact for climate-related risks. In addition, given the potential financial impacts for property and casualty insurers, we view climate-related litigation as a separate driver.

- Physical risks: resulting from climate change can be event driven (acute) or longer-term shifts (chronic) in climate patterns. Physical risks may have financial implications for organizations, such as direct damage to assets and indirect impacts from supply chain disruption. Organizations' financial performance may also be affected by changes in water availability, sourcing, and quality; food security; and extreme temperature changes affecting organizations' premises, operations, supply chain, transport needs, and employee safety.
- Transition risks: transitioning to a lower-carbon economy may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk to organizations.
- Litigation risks: from claims, lawsuits, or other legal disputes that may arise from or relate to a party's alleged contribution to climate change; a party's alleged failure to prepare for, respond, or adapt to physical, legal, economic, or social consequences of climate change; laws, regulations, and legal duties related to climate change.

Work continues towards meeting Greenhouse Gas (GHG) emissions reductions commitments to reduce Scope 1 and 2 emissions by 50% by 2030 (from 2019 levels). In 2024, we achieved a 20% reduction from 2023 levels, resulting in a cumulative 56% reduction from the 2019 baseline, achieving the 50% reduction in Scope 1 and 2 emissions targets ahead of schedule. We will continue to contribute towards a low-carbon future as we aim to further reduce Scope 1 and Scope 2 emissions by 65% from 2019 levels to 2030. In addition, we have a Net Zero 2050 target for UK operations. Please see our Carbon Reduction Plan for further information.

Climate risk exposures are managed within the Board risk appetites and supported through the Company's control environment. To assist in the management of sustainability risks (including climate change), governance structures, thresholds and guidelines are in place.

Other significant events during the reporting period and up to the date of the report

Macroeconomic and geopolitical challenges

Throughout 2025, the macroeconomic and geopolitical environment has remained volatile and complex. Risk Management continue to monitor developments and potential implications to the Company in accordance with the LMIE Risk Management Framework.

Going concern

The Financial Statements have been prepared on a going concern basis. In assessing whether the going concern basis is appropriate, the Directors have considered the information contained in the Financial Statements, the Company's latest business plan, and the Company's current solvency calculations. The Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Accounts and Financial Statements.

Directors' Report (continued)

Subsequent events and future developments

The Company is committed to supporting its clients and stakeholders throughout the market cycle.

We aim to maximise opportunities in the Company market and still hold true to our ethos of delivering as a high performing, financial services company. Our commitment to helping people prosper and transition in a changing environment, remains steadfast.

The Company will continue to look for growth where opportunities and our risk appetite allows. We focus on profitability, supported by our enhanced data and analytics capability, and our attention to detail in maintaining a competitive expense ratio.

At a meeting held on 2 April 2026, the Board of Directors declared a final dividend of \$300m.

The Board has considered the recent escalation of hostilities in the Middle East following the US invasion of Iran and the potential implications for LMIE. Management has reviewed underwriting exposures, reinsurance protections, liquidity and capital resources. At the reporting date, underwriting exposures remain within LMIE's approved risk appetites and tolerances. Taking into account available reinsurance, liquidity, capital buffers and planned contingency measures, the Board has concluded that LMIE have adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements.

Other matters

The Company did not conduct any activities in the field of research and development, nor did it own or repurchase its own shares in the year under review. It did not invest in derivative financial instruments in the year.

Auditors

Ernst & Young S.A. have indicated their willingness to continue in office as the Company's auditors.

Approved by the Board of Directors and signed on behalf of the Board by:



Christian Rola
Executive Director
07 April 2026



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Ernst & Young
Société anonyme

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Autorisations d'établissement :
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Independent Auditor's Report to the Shareholders of Liberty Mutual Insurance Europe SE

To the Shareholders of
Liberty Mutual Insurance Europe SE
5-7 rue Leon Laval
L-3372 Leudelange

Opinion

We have audited the financial statements of Liberty Mutual Insurance Europe SE (the "Company"), which comprise the balance sheet as at 31 December 2025, and the profit and loss account for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2025, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



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Key audit matters (continued)

Valuation of the gross IBNR provisions for insurance liabilities (included within Claims Outstanding)

Description

At 31 December 2025, the provision for claims outstanding amounts to EUR 6.979.075.755 of which EUR 4.817.491.031 are incurred but not reported (“IBNR”). As referred to in the accounting policies (note 2 of the financial statements), such provision comprises of the estimated costs of settling all claims incurred up to but not paid at the balance sheet date whether reported or not, together with related claims handling expenses.

We considered the valuation of the gross IBNR provision for insurance liabilities as a key audit matter as such valuation incorporates judgement for the expected ultimate cost of claims incurred, but not yet reported (IBNR), at the reporting date. It is reasonably possible that uncertainties inherent in the reserving process, delays in insurers reporting losses to the Company, together with the potential for adverse development, could lead to the ultimate amount paid varying materially from the amount estimated at this reporting date.

How the matter was addressed in our audit

We understood, assessed and tested the design and operational effectiveness of the key controls in the reserving process including the review and approval of the reserves, and controls over the extraction of data from the appropriate sources.

Supported by our actuarial specialists we evaluated management’s methodology against market practice and challenged management’s assumptions and their assessment of major sensitivities, based on our market knowledge and industry data where available. The main areas of judgement include the level of reserves held for specific losses, the loss development patterns selected and the initial expected loss ratios.

Using management’s data we independently re-projected a proportion of the claims provisions investigating significant differences between our projections and management’s booked reserves. Using our own re-projections, we then considered whether the provisions for insurance liabilities held at the year- end fall within a reasonable range of estimates.

We have read the related disclosures and considered whether they satisfy the requirements of accounting standards.



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Measurement of estimated premium within Gross Written Premium income

Description

For certain contracts, premium is initially recognised based on estimates of ultimate premium. This occurs where pricing is based on variables which are not known with certainty at the point of binding the policy. Subsequent adjustments to those estimates arise as updated information relating to those pricing variables becomes available and are recorded in the period in which they are determined. These estimates are judgemental and therefore could result in misstatements of revenue recognised in the financial statements.

How the matter was addressed in our audit

We obtained an understanding of the estimation process and tested the design effectiveness of key controls, including the monitoring of estimated premium income.

We ensured that the estimation methodology has been correctly applied and that the data used is appropriate.

We performed independent re-projections of ultimate premium per underwriting year for the 2025 and prior underwriting years where ultimate premiums are booked, applying our own assumptions and comparing these to the Company's booked ultimate premium on a class of business. Where there were significant variances, we challenged management's assumptions used for bias and consistency in approach from prior year.

For the data used in our independent re-projections, we corroborated premium data to underlying policy and finance systems in order to test the completeness and accuracy of this data set.

For a sample of policy estimates in respect of the 2025 underwriting year, we corroborated the estimated premium for policies such as binders, inward reinsurance to third party supporting evidence such as third party signed slips. Additionally, to corroborate estimates, including for coverholder business, where similar policies and binders have been written previously, we performed back testing against historical experience of estimated premium income compared to actual premium signed.

We performed analytical review procedures on a class of business level, comparing actual premium to management's business forecasts.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' report but does not include the financial statements and our report of "réviseur d'entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and of those charged with governance for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company'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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the “réviseur d'entreprises agréé” for the audit of the financial statements

The objectives of our audit 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 of the “réviseur d'entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the ISAs as adopted for Luxembourg by the CSSF 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.

As part of an audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We 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 that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.



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Report on other matters and other legal and regulatory requirements

We have been appointed as “réviseur d’entreprises agréé” by the Shareholders on 10 April 2025 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 7 years.

The Directors’ report is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

Ernst & Young
Société anonyme
Cabinet de révision agréé

A handwritten signature in black ink, appearing to be 'Brice Bultot', written over a horizontal line.

Brice Bultot

Luxembourg, 7 April 2026

Balance Sheet – Assets

As at 31 December 2025

	Notes	2025 €000	2024 €000
Investments		6,489,917	6,232,862
Other financial investments			
Shares and other variable yield transferable and units in unit trusts	9	636,444	264,920
Debt securities and other fixed income transferable securities	9	5,833,774	5,924,451
Deposits with credit institutions		4,083	14,496
Deposits with ceding undertakings		15,616	28,995
Subrogation and salvages		27,808	28,047
Reinsurers' share of technical provisions		3,031,271	2,656,748
Provision for unearned premiums	16	571,960	585,837
Provision for claims outstanding	16	2,459,311	2,070,911
Debtors		2,402,774	2,626,925
Debtors arising out of direct insurance operations - intermediaries	10	1,001,302	1,031,386
Debtors arising out of reinsurance operations	10,14	1,230,679	1,417,012
Other debtors	10,14	170,793	178,527
Other assets		526,065	646,548
Tangible assets	11	2,480	3,298
Cash at bank and in hand		518,954	600,799
Other assets	2.2.18,8	4,631	42,451
Prepayments and accrued income		630,254	640,410
Deferred acquisition costs		568,397	581,256
Other prepayments and accrued income		61,857	59,154
Total assets		13,108,089	12,831,540

The accompanying notes form an integral part of these financial statements.

Balance Sheet – Liabilities

As at 31 December 2025

	Notes	2025 €000	2024 €000
Capital and reserves		2,732,365	2,370,806
Subscribed capital	12	255,424	255,424
Share premium account	12	1,617,534	1,617,534
Legal reserve	12	17,811	11,267
Revaluation reserve	12	1,549	(116,412)
Profit brought forward	12	596,449	472,112
Profit for the financial year	12	243,598	130,881
Technical provisions		9,143,392	8,933,899
Provision for unearned premiums	15	2,164,316	2,185,899
Provision for claims outstanding	15	6,979,076	6,748,000
Provision for other risks and charges		19,320	352,945
Foreign exchange provision	2.2.1.2	13,266	352,945
Provision for taxation	8	6,054	-
Creditors		1,021,507	931,351
Creditors arising out of direct insurance operations	13	58,961	72,635
Creditors arising out of reinsurance operations	13,14	879,066	755,229
Other creditors including taxation and social security	13,14	83,480	103,487
Accruals and deferred income		191,505	242,539
Total liabilities		13,108,089	12,831,540

The accompanying notes form an integral part of these financial statements.

Profit & Loss – Technical Account – Non-life insurance

For the year ended 31 December 2025

	Notes	2025 €000	2024 €000
Earned premiums, net of reinsurance		921,499	868,772
Gross premiums written	3	3,238,486	3,004,999
Outward reinsurance premiums		(2,256,005)	(2,116,666)
Change in provision for unearned premiums, gross	3	(73,854)	(58,568)
Change in provision for unearned premiums, reinsurers' share		12,872	39,007
Allocated investment return transferred from the non-technical account		181,253	142,935
Claims incurred, net of reinsurance		(523,887)	(592,768)
Claims paid, net of reinsurance		(480,098)	(437,403)
Gross amount	3	(1,301,501)	(1,671,439)
Reinsurers' share		821,403	1,234,036
Change in provision for claims		(91,930)	(187,832)
Gross amount	3	(653,466)	(85,012)
Reinsurers' share		561,536	(102,820)
Change in net subrogation and salvages	3	48,141	32,467
Net operating expenses		(320,964)	(265,294)
Acquisition costs	4	(896,438)	(814,546)
Change in deferred acquisition costs	4	24,150	15,921
Administrative expenses	5,6,7	(211,328)	(180,827)
Reinsurance commission and profit participation		762,652	714,158
Balance on the technical account for non-life insurance business		257,901	153,645

The accompanying notes form an integral part of these financial statements.

Profit & Loss – Non-Technical Account

For the year ended 31 December 2025

Notes	2025 €000	2024 €000
Balance on the technical account for non-life insurance business	257,901	153,645
Investment income	268,561	221,643
Income from other investments	251,486	209,404
Gains arising from the realisation of investments	12,273	11,243
Unrealised gains on investments	4,802	996
Investment charges	(67,174)	(78,051)
Investment management charges including interest charges	(17,701)	(20,438)
Losses arising from the realisation of investments	(49,473)	(57,613)
Allocated investment return transferred to the technical account	(181,253)	(142,935)
Other income	31,402	10,978
Profit on ordinary activities before tax	309,437	165,280
Tax on ordinary activities	(65,839)	(34,399)
Profit for the financial year	243,598	130,881

The accompanying notes form an integral part of these financial statements.

The Financial Statements were approved by the Board of Directors on 02 April 2026 and were signed on its behalf by:



Christian Rola
Executive Director
07 April 2026

Notes to the Financial Statements

1. General information

Liberty Mutual Insurance Europe SE (the Company) is a limited liability company incorporated as a Societas Europaea in Luxembourg on 1 March 2019. The registered office is at 5-7 rue Leon Laval, Leudelange, Luxembourg. The Company is registered at the Registre de Commerce et des Sociétés, Luxembourg under number B232280.

The objective of the Company is to act as a general insurer and reinsurer, either in Luxembourg or abroad, and to carry out any other activities that are directly linked to such purpose and which facilitate or promote its accomplishment in accordance with the applicable laws and regulations.

The Company, formed on 21 December 1972, and previously known as Liberty Mutual Insurance Europe Limited and registered at UK Companies House under registered number 1088268, was formed by merger as a Societas Europaea on 18 July 2018.

The Company changed its domicile, from the United Kingdom to Luxembourg, effective 1 March 2019.

The Directors' Report, attached to these financial statements, provides further information regarding significant events during the year under review and to the date of approval of these accounts.

The Financial Statements cover those of the individual entity and are prepared as at, and for the year ended, 31 December 2025, together with comparatives for the year ended 31 December 2024.

2. Accounting policies

2.1. Basis of preparation

The financial statements of the Company have been prepared in accordance with the Law of 8 December 1994, as amended, and with the accounting policies generally accepted and applied within the insurance and reinsurance industry in Luxembourg. The accounting policies and the valuation rules, except for those defined by the law or the Commissariat aux Assurances, are determined and applied by the Board of Directors.

In accordance with Article 60.1 of the Law of 8 December 1994 as subsequently modified, the Company has decided to apply the fair value option for certain types of assets as described in the below notes.

The preparation of the financial statements requires the use of accounting estimates that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. It also requires management to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period in which the assumptions changed.

Management believes that the underlying assumptions are appropriate and that the financial statements therefore present the financial position and results fairly.

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.

Notes to the Financial Statements (continued)

2.2. Summary of significant accounting policies

2.2.1. Currency

2.2.1.1 Functional currency

The Company is authorised to underwrite policies throughout the EEA via branches established in Belgium, France, Germany, Italy, Ireland, the Netherlands, Norway, Spain and Sweden. The Company is also authorised to underwrite policies through its branches in Switzerland and the United Kingdom.

The functional currency of each branch is determined by factors specific to the operations of each branch. The functional currency is the currency of the primary economic environment in which it operates, and transactions and balances in currencies other than functional currencies are treated as foreign currency transactions. The Company maintains accounting records in US Dollars.

Transactions expressed in currencies other than US Dollars are translated to US Dollars at the exchange rate effective at the time of the transactions. Assets and liabilities, denominated in currencies other than US Dollars, are translated into US Dollars at the rate of exchange prevailing at the balance sheet date. Income and expenses are translated at average rates.

The resulting foreign exchange gains or losses are included in the non-technical account of the profit and loss account shown under other income and expenses.

2.2.1.2 Presentation currency

The financial statements are prepared in Euros, which is the presentational currency of the Company.

The results of each branch of the business, where the functional currency is not Euros, are translated to the presentation currency on the following basis:

- Assets and liabilities are translated at the exchange rate of the date of the balance sheet.
- Capital and reserves are maintained at historical rates.
- Income and expenses are translated at the average annual exchange rate for the period of the profit and loss account.
- Any resulting overall exchange gains are recognised as a foreign exchange translation provision on the balance sheet.
- Any resulting overall exchange losses are initially offset against any foreign exchange translation provision within the balance sheet, with any surplus over the provision recognised as an exchange loss in the non-technical account of the profit and loss account.

The translation of opening balances, movements through the income and expenditure account, and the closing balances at different exchange rates means that, for certain movements on the technical account, including technical provisions, unearned premiums and deferred acquisition costs, foreign exchange differences may arise which will need to be taken into account when reconciling movements to the opening and closing balance sheet.

Notes to the Financial Statements (continued)

2.2.2. Other financial Investments

2.2.2.1 Shares and other variable yield securities consisting of collective investment schemes and private equity investments

Shares and other variable yield securities, collective investment schemes and private equity investments are measured at fair value. Gains or losses arising from the mark to market movement are recognised directly and immediately through the profit and loss account.

2.2.2.2 Debt securities and other fixed-income securities

Debt securities and other fixed income transferable securities are measured at fair value. Changes in fair value are recognised in the revaluation reserve and as a separate component in equity. Interest is recognised within investment income on an effective yield basis. These value adjustments may not be carried when the reasons for which they were made cease to apply. On de-recognition or adjustment in value, the cumulative fair value gains and losses, previously reported through the revaluation reserve, are transferred to the profit and loss account.

2.2.2.3 Deposits with ceding undertakings

Deposits with ceding undertakings are cash deposits withheld from reinsurers and stated at nominal value.

2.2.3. Financial instruments recognised at fair value

The Company uses the following hierarchy for determining the fair value of financial instruments by valuation technique:

- Level 1: the unadjusted quoted prices in active markets for identical assets or liabilities. Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted price is usually the bid price.
- Level 2: when quoted prices are unavailable the instrument is valued using inputs that are observable either directly or indirectly including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets.
- Level 3: when observable inputs are not available, unobservable inputs are used to measure fair value by use of valuation techniques. The objective of using the valuation technique is to estimate what the fair value would have been on the measurement date.

See note 9 for details of financial instruments classified by fair value hierarchy.

A financial asset or, when applicable, a part of a financial asset is derecognised when:

- The rights to the cash flows from the asset have expired; or
- when the Company has transferred its rights to receive cash flows from the asset and has transferred substantially all the risks and rewards of ownership.

Notes to the Financial Statements (continued)

2.2.4. Cash at bank and in hand

Cash in the balance sheet comprises of cash at banks and in hand. It is measured at nominal value.

2.2.5. Allocated investment return transferred from the non-technical account

Investment return comprises all investment income, realised investment gains and losses, and movements in unrealised investment gains and losses, net of investment expenses, charges and interest.

An allocation of actual investment returns on investments supporting the general insurance technical provisions and associated equity is made from the non-technical account to the technical account.

Investment return related to non-insurance business and shareholders' equity is attributed to the non-technical account, in accordance with article 55 of the Luxembourg insurance accounting law.

2.2.6. Creditors

Creditors are valued at their settlement value.

2.2.7. Accruals and deferred income

This liability includes income received during the financial year but relating to a subsequent financial year, and charges which relate to the current financial year but are payable in a subsequent financial year. Deferred acquisition costs pertaining to reinsurance ceded are also included in this item.

2.2.8. Premiums

Gross written premiums comprise the total premiums receivable for the whole period of cover provided by the contracts entered into during the reporting period, regardless of whether these are wholly due for payment in the reporting period, together with any adjustments arising in the reporting period to such premiums receivable in respect of business written in prior reporting periods. They are recognised on the date on which the policy commences. Additional or return premiums are treated as a re-measurement of the initial premiums. Gross written premiums are stated gross of commission.

Written premiums are earned over the period of the policy (usually 12 months) on a straight-line basis, except for certain inwards reinsurance contracts where there is a marked unevenness in the incidence of risk over the period of cover, in which case the premium is earned on a basis which reflects the profile of risk. Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct insurance or inwards reinsurance business.

2.2.9. Estimates of ultimate premiums

A portion of the book is subject to estimation techniques, these estimates are necessary to quantify the ultimate premiums on all business written and are commonly used within the (re)insurance market. The majority of the estimation arises predominantly within the binder estimates where the premium amounts are dependent on the volume of policies that are insured under the binder over the coverage period. In these cases underwriters estimate an initial premium volume and then adjust throughout the life of the binder as and when new information becomes available. The process of determining the Estimated Premium Income (EPI) is based on a number of factors, which can include:

- * coverholder/ reinsured business plan documents supplied prior to binding;
- * historical trends of business written;
- * current and expected market conditions for this line of business; and
- * life to date bordereaux submissions versus expectation.

Due to the nature of the Company's business and the settlement patterns of the underlying business it is also not uncommon for some contracts to take a number of years to finalise and settle, and a receivable on the balance sheet remains.

Notes to the Financial Statements (continued)

2.2.10. Fee and commission income

Insurance policyholders are charged for policy administration services and other contract fees. These fees are recognised as revenue over the period in which the related services are performed. If the fees are for services provided in future periods, then they are deferred and recognised over those future periods.

2.2.11. Administrative expenses

Administrative expenses specifically consist of costs arising from premium collection, portfolio administration and inward and outward reinsurance. The administrative expenses more specifically include all administrative expenses that cannot be allocated to acquisition costs, claims or investment management charges.

2.2.12. Technical provisions

2.2.12.1 Provisions for claims outstanding

Claims outstanding comprise provision for the estimated costs of settling all claims incurred up to but not paid at the balance sheet date, whether reported or not, together with related claims handling expenses. The provisions for claims outstanding are computed separately on an individual case basis; they are assessed by the claims expert based on the information provided by policyholders or ceding undertakings, and the estimates of expected claims development by the actuaries.

The provision for claims outstanding is based on information available at the balance sheet date and is estimated to give a result within a normal range of outcomes. To the extent that the ultimate cost falls outside this range, for example, where assumptions over claims inflation may alter in future, there is a contingent liability in respect of this uncertainty. Provisions are calculated allowing for reinsurance recoveries and a separate asset is recorded for the reinsurers' share, having regard to collectability.

2.2.12.2 Subrogation and salvages

This represents the net estimated recoverable amount arising from the acquisition of the policyholder's rights with respect to third parties, or arising from the legal ownership of insured property upon settlement of a loss. Anticipated salvage and subrogation recoveries are calculated on an individual case basis. Salvage and subrogation recoveries are shown separately on the face of the technical account and the balance sheet. The liability is not discounted for the time value of money.

2.2.12.3 Provisions for unearned premiums

Unearned insurance and inward reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned insurance and inward reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses-occurring contracts. The provision for unearned premiums is calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

2.2.12.4 Reinsurers' share of technical provisions

The share of technical provisions for reinsured business is determined with reference to the contractual agreement and the underlying gross business data per treaty.

2.2.13. Deferred acquisition costs

Deferred acquisition costs represent the proportion of acquisition costs incurred which corresponds to the proportion of gross premiums written which are deferred and amortised consistent with the recognition of unearned premiums.

Notes to the Financial Statements (continued)

2.2.14. Other prepayments and accrued income

Other prepayments and accrued income include other expenditure incurred during the financial year which relates to a subsequent financial year, and income relating to the current financial year but which is not receivable until a subsequent financial year.

2.2.15. Other debtors

Other debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.2.16. Value adjustments

Value adjustments are deducted directly from the related individual asset.

2.2.17. Tangible fixed assets

Tangible fixed assets are valued at purchase price. They are depreciated on a straight-line basis over their estimated useful economic lives. The estimated useful life of the assets is as follows:

Leasehold improvements	Remaining lease term
Fixtures, fittings & equipment	5 to 10 years

The costs incurred on improvement of fixed assets are capitalised and depreciated over the estimated useful economic life of the assets on a straight-line basis.

Where the Company considers that a tangible asset has suffered a durable depreciation in value, an additional write-down is recorded to reflect this loss. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.2.18. Provisions for other risks and charges

2.2.18.1 Provision for pension and similar obligations

Defined benefit plan

The Company operated a defined benefit plan for certain employees but this scheme closed to future accrual on 1 July 2012, with active members of the scheme becoming deferred pensioners in the scheme from 2 July 2012.

Pension scheme assets are measured at fair value, and liabilities are measured on an actuarial basis using the projected unit method and are discounted at the current rate of return of a high-quality corporate bond of equivalent term and currency to the liabilities.

In accordance with the rights and obligations created by the rules of the closed Pension scheme, a net asset due to the Company is recognised when the value of the scheme assets exceeds scheme liabilities, and conversely, a net liability payable by the Company to the scheme is recognised when the value of scheme liabilities exceeds the value of scheme assets.

Notes to the Financial Statements (continued)

2.2.18.1 Provision for pension and similar obligations (continued)

	2025 €000	2024 €000
Fair value of scheme assets	24,266	25,972
Present value of funded defined benefit obligation	(19,635)	(20,893)
Asset recognised on balance sheet	4,631	5,079

The decrease in the present value of the liabilities of the Company's defined benefit pension schemes, expected to arise from employee service in the period, is charged to the profit and loss account. The net interest element is determined by multiplying the net defined benefit asset or liability by the discount rate at the start of the period, taking into account any changes in the net defined benefit asset or liability during the period as a result of contribution and benefit payments. The net interest is recognised in the profit and loss account as administrative expenses. Re-measurement, comprising actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, and the return on the net defined benefit asset or liability are charged or credited to the revaluation reserve. The balance is included within other assets in the balance sheet.

Defined contribution pension scheme

Employees joining on or after 1 January 2002 became members of the Company's defined contribution pension schemes. The contributions are recognised in the profit and loss account in the period in which they become payable. The commitment of the Company is limited to the contributions that the Company agreed to pay into the fund on behalf of its employees. The assets of the plan are held separately from the Company in independently administered funds.

2.2.18.2 Provision for taxation

The Company is subject to the general tax regulations applicable to all companies in Luxembourg. Its branches are subject to the tax regulations in their respective countries.

Taxes are accounted for on an accrual basis in the year to which they relate. Tax creditors correspond to the difference between the tax liability estimated by the Company and the advance payment.

There is no requirement to account for or calculate deferred tax under Luxembourg GAAP. As such, the Company is only recognising deferred tax on unrealised investment gains and losses, and the unrealised gain on its pension surplus following principles aligned to IFRS.

2.2.19. Leases

Leases classified as operating leases are not included on the balance sheet but lease rentals are charged to the profit and loss account.

Notes to the Financial Statements (continued)

3. Segmental result from non-life insurance operations

An analysis of the underwriting result before investment return is set out below:

	2025 Direct insurance	2025 Reinsurance acceptances	2025 Total
	€000	€000	€000
Gross premiums written	1,944,817	1,293,669	3,238,486
Gross premiums earned	1,910,830	1,253,802	3,164,632
Gross claims incurred	(1,373,525)	(533,301)	(1,906,826)
Gross operating expenses	(735,717)	(347,899)	(1,083,616)
Reinsurance balance	152,617	(250,159)	(97,542)
Net technical account before allocated investment return	(45,795)	122,443	76,648

	2024 Direct insurance	2024 Reinsurance acceptances	2024 Total
	€000	€000	€000
Gross premiums written	1,753,902	1,251,097	3,004,999
Gross premiums earned	1,750,591	1,195,840	2,946,431
Gross claims incurred	(1,025,120)	(698,864)	(1,723,984)
Gross operating expenses	(614,551)	(364,901)	(979,452)
Reinsurance balance	(114,012)	(118,273)	(232,285)
Net technical account before allocated investment return	(3,092)	13,802	10,710

For the year ended 31 December 2025, the lines of business splits for the direct insurance business were as follows:

	2025 Gross premiums written	2025 Gross premiums earned	2025 Gross claims incurred	2025 Gross operating expenses	2025 Reinsurance balance	2025 Net technical account
	€000	€000	€000	€000	€000	€000
Accident and health	63	29	650	(208)	(510)	(39)
Motor, general liability	3,257	3,339	(1,264)	(758)	(2,691)	(1,374)
Motor, other	1,517	2,337	(1,051)	(931)	(223)	132
Marine, aviation and transport	100,874	98,747	(64,406)	(35,296)	3,457	2,501
Fire and other damage to property	393,309	361,162	(180,212)	(106,406)	(42,950)	31,595
General liability	1,070,944	1,110,364	(1,083,298)	(448,280)	314,991	(106,223)
Credit and Suretyship	278,070	240,883	(14,237)	(92,924)	(113,106)	20,616
Others	96,783	93,969	(29,707)	(50,914)	(6,351)	6,997
Total	1,944,817	1,910,830	(1,373,525)	(735,717)	152,617	(45,795)

Notes to the Financial Statements (continued)

3. Segmental result from non-life insurance operations (continued)

	2024 Gross premiums written	2024 Gross premiums earned	2024 Gross claims incurred	2024 Gross operating expenses	2024 Reinsurance balance	2024 Net technical account
	€000	€000	€000	€000	€000	€000
Accident and health	4,175	5,197	(5,309)	(2,256)	1,433	(934)
Motor, general liability	3,256	3,144	(1,310)	(720)	(1,666)	(552)
Motor, other	2,233	4,094	(2,054)	(1,770)	(95)	175
Marine, aviation and transport	79,050	80,577	(46,193)	(29,326)	(2,970)	2,088
Fire and other damage to property	379,363	359,488	(202,734)	(102,437)	(14,198)	40,118
General liability	1,009,603	1,028,409	(662,890)	(361,940)	(45,108)	(41,529)
Credit and Suretyship	210,308	202,033	(82,599)	(78,022)	(48,771)	(7,358)
Others	65,914	67,649	(22,031)	(38,080)	(2,637)	4,900
Total	1,753,902	1,750,591	(1,025,120)	(614,551)	(114,012)	(3,092)

The geographical analysis of gross premiums written by country of risk location is as follows:

	2025	2024
	€000	€000
Luxembourg	141,393	51,697
UK	785,037	782,521
USA	230,899	179,468
EEA Member States other than the country of the headquarter	1,481,515	1,399,441
Other Countries	599,642	591,872
Total	3,238,486	3,004,999

4. Commissions

Commissions incurred during the year amounted to €425.3m (2024: €350.2m) in respect of direct written premiums, and €447.0m (2024: €448.4m) in respect of reinsurance premiums accepted. Included within these amounts are commissions incurred with related parties, totalling €207.3m (2024: €198.4m). Commissions are included in acquisition costs within the technical account.

Notes to the Financial Statements (continued)

5. Personnel employed during the year

All UK staff are employed by Liberty Specialty Markets Limited (LSML), an affiliated company. European staff are employed by the Company, Liberty Specialty Markets Europe S.A R.L. (LSME) or Liberty Specialty Markets Europe Two S.A R.L. (LSME2). All staff in the United Arab Emirates are employed by Liberty Specialty Markets MENA Limited (LSM MENA). The following amounts were incurred by the Company for employee services provided by LSML, LSME, LSME2 and LSM MENA:

	2025	2024
	€000	€000
Wages and salaries	130,978	128,928
Social security costs	15,709	15,162
Other pension costs	10,159	9,829
Total	156,846	153,919

A large proportion of the above costs are incurred in GBP, therefore they are subject to foreign exchange fluctuations.

The average number of employees seconded to the Company during the year was as follows:

	2025	2024
	Number	Number
Underwriting	174	190
Claims	48	47
Administration	466	437
Management	4	4
Total	692	678

6. Remuneration to the Board of Directors

Emoluments granted in respect of the 2025 financial year to the members of the Board of Directors by reason of their responsibilities amounted to €1.1m (2024: €1.1m) and are shown as part of administrative expenses in the profit and loss account. Executive directors are paid an executive salary and do not receive an additional board fee.

During the year, none of the directors were members of the defined benefit contribution scheme (2024: none). The executive directors were employed by fellow group companies.

7. Auditor's Remuneration

The fees paid during 2025 and 2024 calendar years and excluding all taxes for the services rendered by the independent auditor (Ernst & Young S.A.) are as follows:

	2025	2024
	€000	€000
Statutory audit fees and separate reports	196	189
	196	189

Notes to the Financial Statements (continued)

8. Taxation

8.1. Current Tax

	2025	2024
	€000	€000
12 months to 31 December		
Current tax provisions – opening balance	4,731	(5,906)
Movements for the year/period:		
Tax expense on ordinary activities current year	(66,898)	(35,653)
Payments current year	-	32,997
Tax expense on ordinary activities prior years	1,127	742
Payments prior years	54,026	13,171
Foreign exchange and other movements	1,039	(619)
Current tax provisions – closing balance asset	(5,974)	4,731
	2025	2024
	€000	€000
Current tax debts consist of:		
Corporate income tax (domestic)	(317)	(25)
Municipal income tax	-	(3,753)
Net wealth tax	-	32
Foreign taxes	(5,657)	8,477
Current tax debts at 31 December asset	(5,974)	4,731

The Company is subject to general tax regulations applicable in Luxembourg. The branches of the Company are subject to the tax regulation in their respective countries.

8.2. Deferred tax

The deferred tax included in the balance sheet is as follows:

	2025	2024
	€000	€000
Deferred tax debts consist of:		
Pensions	(1,193)	(1,317)
Unrealised gains and losses	(4,861)	38,689
Deferred tax (liability)/asset at 31 December	(6,054)	37,372

There is no requirement to account for or calculate deferred tax under Luxembourg GAAP. As such, the Company is only recognising deferred tax on unrealised investment gains and losses, and the unrealised gain on its pension surplus.

8.3. Pillar Two tax exposure

The Company is part of the Liberty Mutual group which is within the scope of Pillar Two effective from 2024. The Organization for Economic Cooperation and Development (the OECD) proposed a global minimum tax of 15% on globe profits (Pillar Two) that has been agreed upon in principle by over 140 countries. During 2023 and 2024, many countries took steps to incorporate Pillar Two model rule concepts into their domestic law. Pillar Two legislation has been enacted in Luxembourg, the jurisdiction in which the entity is incorporated, and is effective from 2024.

Notes to the Financial Statements (continued)

8.3. Pillar Two tax exposure (continued)

Based on 2025 financial information, the Company is not expected to have a top-up tax liability in respect of 2025.

The management of the Company recognises, based on the last filed tax returns, that the Company has EUR126.0m of carried forward tax losses available as at 31 December 2024 and estimates approximately EUR9.9m of tax losses generated in the current period (FY2025), which could lead to a potential deferred tax asset of EUR135.9m at a tax rate of 23.87% as at 31 December 2025.

9. Shares and other variable and fixed income securities

2025	Carrying Value €000	Purchase Price €000
Shares and other variable-income securities and units in unit trust	636,444	630,063
Bonds and other fixed income securities	5,833,774	5,800,953
Total	6,470,218	6,431,016

2024	Carrying Value €000	Purchase Price €000
Shares and other variable-income securities and units in unit trust	264,920	262,185
Bonds and other fixed income securities	5,924,451	6,068,052
Total	6,189,371	6,330,237

2025	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
Shares and other variable yield securities and units in unit trusts	569,917	-	66,526	636,444
Debt securities and other fixed income securities	678,625	5,154,280	870	5,833,774
Total	1,248,542	5,154,280	67,396	6,470,218

2024	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
Shares and other variable yield securities and units in unit trusts	233,633	-	31,287	264,920
Debt securities and other fixed income securities	897,052	5,026,312	1,087	5,924,451
Total	1,130,685	5,026,312	32,374	6,189,371

For bonds and other fixed income securities classified as Level 3, the areas of judgement considered in calculating fair value include considerations for liquidity risk, credit risk and prepayment rates. The discounted cash flow analysis, which forms the basis of the valuation, includes discount rates based on current market information and rates applicable to financial instruments with similar yields, credit quality and maturity characteristics. Estimated future cash flows are influenced by factors such as economic conditions (including country specific risks), concentrations of specific industries and market liquidity.

Discount rates are influenced by risk free interest rates and credit risk.

Notes to the Financial Statements (continued)

9. Shares and other variable and fixed income securities (continued)

The private equity investments are recorded in shares and other variable yield securities and units in unit trusts and have been classified as Level 3. The Group Portfolio Manager receives partnership statements / financial statements for each investment from which the residual values are recorded, and then potentially adjusted when combined with adjusted ending value reports. The Group Portfolio Manager then recommends a valuation for each position based on these statements and their own assessment/judgement.

10. Debtors

	2025	2024
	€000	€000
Debtors arising out of direct insurance operations	1,001,302	1,031,386
Debtors arising out of reinsurance operations	1,230,679	1,417,012
Other debtors	170,793	178,527
Total	2,402,774	2,626,925

As at 31 December 2025 and 31 December 2024, the Company had no amounts due beyond 5 years.

11. Tangible assets

	Leasehold improvements	Fixtures, fittings & equipment	Total
	€000	€000	€000
Cost:			
At 1 January 2025	8,209	1,723	9,932
Foreign currency translation effects	(971)	(204)	(1,175)
Additions during the year	-	-	-
At 31 December 2025	7,238	1,519	8,757
Accumulated depreciation:			
At 1 January 2025	4,911	1,723	6,634
Foreign currency translation effects	(602)	(204)	(806)
Charge for the year	449	-	449
At 31 December 2025	4,758	1,519	6,277
Carrying value at 31 December 2025	2,480	-	2,480
Carrying value at 31 December 2024	3,298	-	3,298

Notes to the Financial Statements (continued)

12. Capital and reserves

The Company is required to allocate a minimum of 5% of its annual net income to a legal reserve, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

The movements for the year are as follows:

	Called up share capital	Share premium account	Legal reserve	Revaluation reserve	Retained earnings	Profit or (loss) for the year	Total
2025	€000	€000	€000	€000	€000	€000	€000
At 1 January 2025	255,424	1,617,534	11,267	(116,412)	472,112	130,881	2,370,806
Allocation of result at shareholder meeting on 10 April	-	-	6,544	-	124,337	(130,881)	-
Increase of revaluation reserve	-	-	-	117,961	-	-	117,961
Profit for the year	-	-	-	-	-	243,598	243,598
At 31 December 2025	255,424	1,617,534	17,811	1,549	596,449	243,598	2,732,365
	Called up share capital	Share premium account	Legal reserve	Revaluation reserve	Retained earnings	Profit or (loss) for the year	Total
2024	€000	€000	€000	€000	€000	€000	€000
At 1 January 2024	255,424	1,617,534	4,042	(177,010)	334,847	144,490	2,179,327
Allocation of result at shareholder meeting on 23 April	-	-	7,225	-	137,265	(144,490)	-
Increase of revaluation reserve	-	-	-	60,598	-	-	60,598
Profit for the year	-	-	-	-	-	130,881	130,881
At 31 December 2024	255,424	1,617,534	11,267	(116,412)	472,112	130,881	2,370,806

Called up share capital

The share classes constituting the Company's called up share capital are detailed below:

Share Class	Nominal Value	Issued 2025	Issued 2024
Ordinary	€1.00	255,279,911	255,279,911
Ordinary Class B	€0.81	178,320	178,320

Share premium account

This statutory reserve records the amount of the nominal value received for shares sold, less transaction costs.

Revaluation reserve

This reserve records the unrealised fair value gains / (losses), net of deferred taxation, on available for sale investments and pension.

Notes to the Financial Statements (continued)

13. Classification of creditors according to duration

All creditors have a duration of less than 5 years.

14. Amounts owed by and to affiliated undertakings and other Group companies

	2025 €000	2024 €000
Debtors		
Debtors arising out of reinsurance operations	348,484	469,223
Other Debtors	76,791	80,171
	425,275	549,394
Creditors		
Creditors arising out of reinsurance operations	694,213	555,873
Other Creditors, including tax and social security	38,734	34,914
	732,947	590,787

The decrease in debtors arising out of reinsurance operations is associated with the balance with Liberty Mutual Insurance Company (LMIC), which decreased to €293.7m as at year end (2024: €414.4m).

The increase in creditors arising out of reinsurance operations is associated with the balance with LMIC, which increased to €407.1m as at year end (2024: €386.3m).

15. Technical provisions

Gross	Provision for unearned premiums €000	Provision for claims outstanding €000
At 1 January 2025	2,185,899	6,748,000
Change in provision	73,854	653,466
Foreign exchange	(95,437)	(422,390)
At 31 December 2025	2,164,316	6,979,076
Gross	Provision for unearned premiums €000	Provision for claims outstanding €000
At 1 January 2024	2,059,279	6,439,970
Change in provision	58,568	85,012
Foreign exchange	68,052	223,018
At 31 December 2024	2,185,899	6,748,000

Notes to the Financial Statements (continued)

16. Reinsurers' share of technical provisions

Reinsurers' Share	Provision for unearned premiums €000	Provision for claims outstanding €000
At 1 January 2025	585,837	2,070,911
Change in provision	12,872	561,536
Foreign exchange	(26,749)	(173,136)
At 31 December 2025	571,960	2,459,311

Reinsurers' Share	Provision for unearned premiums €000	Provision for claims outstanding €000
At 1 January 2024	528,664	2,304,041
Change in provision	39,007	(102,820)
Whole account quota share settlements	-	(315,225)
Foreign exchange	18,166	184,915
At 31 December 2024	585,837	2,070,911

17. Off balance sheet commitments

Off-balance sheet arrangements

As of the current balance sheet date, the Company has an uncommitted line of credit with Liberty Mutual Insurance Company, which is available for a maximum amount of \$250.0m. Throughout the reporting period, no amounts have been drawn on this credit line.

In December 2020, the Company entered into an irrevocable and unconditional equity contribution commitment with its sole shareholder, Liberty Specialty Markets HoldCo SLU (LSMH), through the entry into an equity commitment agreement between the Company, LSMH and LMIC to the value of \$425.0m.

This commitment is secured by certain assets pledged in favour of the Company by LMIC under an account pledge agreement. This structure has been approved by the Commissariat aux Assurances (CAA) as Tier 2 Ancillary own funds attributable towards the Company's Solvency Capital Requirement.

The Company has not been party to any other arrangements, which is not reflected in its balance sheet where material risk and benefits arise for the Company.

Guarantees

On 15 February 2002, the board of Liberty Mutual Insurance Company agreed to grant a guarantee covering the Company's insurance obligations. This was ratified by the Massachusetts' Department of Insurance on 10 May 2002. The original guarantee was updated and re-issued on 29 August 2019.

Notes to the Financial Statements (continued)

17. Off balance sheet commitments (continued)

The Company has provided a guarantee to the Institute of London Underwriters (ILU) in respect of that organisation's run off activities. The Company was a member of the ILU, previously a trade association representing the interests of London market insurance companies, until it ceased activities in 1998. The guarantee is supported by a Letter of Credit of €332.7k provided by the Company.

The Company has also provided guarantees in respect of the lease commitments of offices occupied in France by related party LSME. LSME is a coverholder of the Company and provides services to the Company. The guarantees total €902.5k and have an expiry date in 2029.

18. Subsequent events

At a meeting held on 2 April 2026, the Board of Directors declared a final dividend of \$300m.

The Board has considered the recent escalation of hostilities in the Middle East following the US invasion of Iran and the potential implications for LMIE. Management has reviewed underwriting exposures, reinsurance protections, liquidity and capital resources. At the reporting date, underwriting exposures remain within LMIE's approved risk appetites and tolerances. Taking into account available reinsurance, liquidity, capital buffers and planned contingency measures, the Board has concluded that LMIE have adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements.

19. Ultimate parent company

The ultimate parent company is LMHC, 175 Berkeley Street, Boston, Massachusetts 02116, U.S.A., a company incorporated in the U.S.A. The smallest higher group of companies for which group accounts are drawn up and of which this Company is a member is Liberty International Holdings Incorporated, a company incorporated and registered in the U.S.A.

The immediate parent company is LSMH, a company registered in Luxembourg. Under article 97 of the insurance accounting law, LSMH is exempt from preparing consolidated accounts.

Copies of the group accounts of LMHC are available from the ultimate parent companies' registered office, 175 Berkeley Street, Boston, Massachusetts 02116, U.S.A.