R&Q Insurance Holdings Ltd. and its subsidiaries

Financial Condition Report (FCR)

31 December 2022

Company Profile

R&Q Insurance Holdings Ltd. ("RQIH" or "Company" or the "Group") is registered as an Insurance Group under the Insurance Act 1978, related Regulations and amendments thereto (the "Insurance Act"). RQIH was incorporated in Bermuda on 22 January 2013. The Company is a limited liability company incorporated and domiciled under the laws of Bermuda with registration number 47341.

I. BUSINESS AND PERFORMANCE

a. Name of Insurance Group

R&Q Insurance Holdings Ltd.

b. Insurance Group Supervisor

Bermuda Monetary Authority
BMA House
43 Victoria Street, Hamilton
Bermuda

Email: Ttrott@bma.bm

c. Approved Auditor

Statutory and IFRS Reporting

PKF Littlejohn LLP Chartered Accountants and Registered Auditor

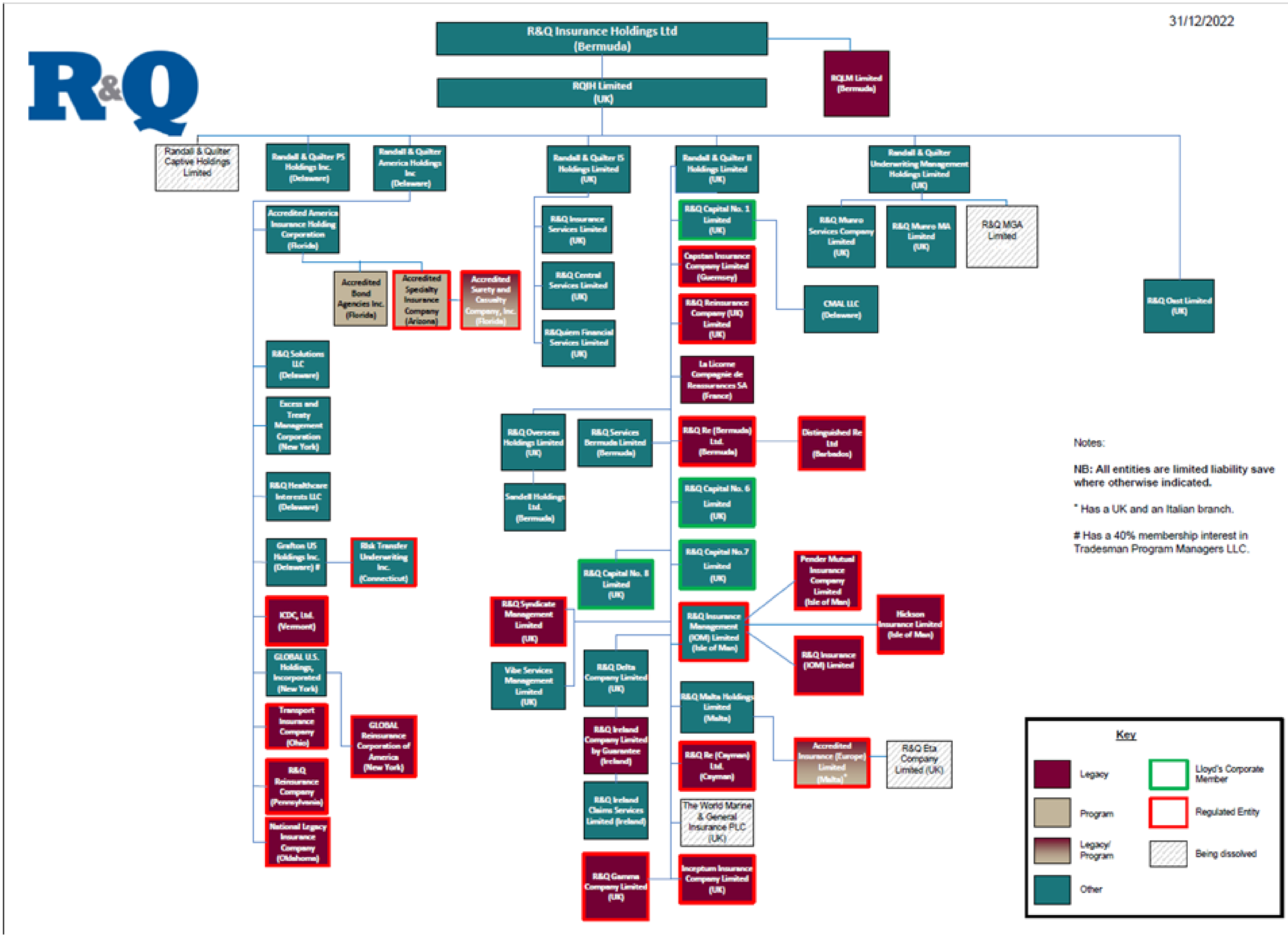
15 Westferry Circus,
Canary Wharf,
London E14 4HD,
United Kingdom

d. Ownership Details

RQIH is a Bermuda-domiciled exempted holding company which is listed on the London Stock Exchange's AIM exchange. RQIH shares were admitted to the AIM exchange on 5 July 2013 and are listed under the ticker symbol RQIH.

e. Group Structure

The Group structure as of 31 December 2022 follows on the next page.



31/12/2022
R&Q Insurance Holdings Ltd (Bermuda)
RQIH Limited (UK)
RQLM Limited (Bermuda)
Randall & Quilter Captive Holdings Limited
Randall & Quilter PS Holdings Inc. (Delaware)
Randall & Quilter America Holdings Inc (Delaware)
Randall & Quilter IS Holdings Limited (UK)
Randall & Quilter II Holdings Limited (UK)
Randall & Quilter Underwriting Management Holdings Limited (UK)
Accredited America Insurance Holding Corporation (Florida)
Accredited Bond Agencies Inc. (Florida)
Accredited Specialty Insurance Company (Arizona)
Accredited Surety and Casualty Company, Inc. (Florida)
R&Q Solutions LLC (Delaware)
Excess and Treaty Management Corporation (New York)
R&Q Healthcare Interests LLC (Delaware)
Grafton US Holdings Inc. (Delaware) #
Risk Transfer Underwriting Inc. (Connecticut)
ICDC, Ltd. (Vermont)
GLOBAL U.S. Holdings, Incorporated (New York)
GLOBAL Reinsurance Corporation of America (New York)
Transport Insurance Company (Ohio)
R&Q Reinsurance Company (Pennsylvania)
National Legacy Insurance Company (Oklahoma)
R&Q Insurance Services Limited (UK)
R&Q Central Services Limited (UK)
R&Quiem Financial Services Limited (UK)
R&Q Overseas Holdings Limited (UK)
R&Q Services Bermuda Limited (Bermuda)
Sandell Holdings Ltd. (Bermuda)
R&Q Capital No. 8 Limited (UK)
R&Q Syndicate Management Limited (UK)
Vibe Services Management Limited (UK)
R&Q Delta Company Limited (UK)
R&Q Ireland Company Limited by Guarantee (Ireland)
R&Q Ireland Claims Services Limited (Ireland)
R&Q Gamma Company Limited (UK)
R&Q Capital No. 1 Limited (UK)
Capstan Insurance Company Limited (Guernsey)
R&Q Reinsurance Company (UK) Limited (UK)
La Licorne Compagnie de Reassurances SA (France)
R&Q Re (Bermuda) Ltd. (Bermuda)
Distinguished Re Ltd (Barbados)
R&Q Capital No. 6 Limited (UK)
R&Q Capital No.7 Limited (UK)
R&Q Insurance Management (IOM) Limited (Isle of Man)
Pender Mutual Insurance Company Limited (Isle of Man)
Hickson Insurance Limited (Isle of Man)
R&Q Insurance (IOM) Limited
R&Q Malta Holdings Limited (Malta)
Accredited Insurance (Europe) Limited (Malta)*
R&Q Eta Company Limited (UK)
R&Q Re (Cayman) Ltd. (Cayman)
The World Marine & General Insurance PLC (UK)
Inceptum Insurance Company Limited (UK)
CMAL LLC (Delaware)
R&Q Munro Services Company Limited (UK)
R&Q Munro MA Limited (UK)
R&Q MGA Limited
R&Q Oast Limited (UK)
Notes:
NB: All entities are limited liability save where otherwise indicated.
* Has a UK and an Italian branch.
# Has a 40% membership interest in Tradesman Program Managers LLC.
Key
Legacy
Program
Legacy/ Program
Other
Lloyd's Corporate Member
Regulated Entity
Being dissolved

f. Insurance Business Written by Business Segment and by Geographical Region

During 2022, the Company continued to focus on its two distinct business segments – Legacy Insurance and Program Management.

<u>Financial Summary for the Reporting Period</u>
USD'Ms

	Program Management	Legacy Insurance	Other & Consol Adjs	Total
Underwriting income	0.1	-22.3	-	-22.2
Fee Income	92.3	12.1	-	104.4
Investment income	5.6	24.9	1.2	31.7
Gross operating income	**98.0**	**14.7**	**1.2**	**113.9**
Pre-tax operating profit	55.7	-56.6	-32.4	-33.3
Profit before tax				**-292.6**
Segmental assets	2,197.0	3,220.6	497.3	5,914.9
Segment liabilities	2,121.0	2,988.6	620.1	5,729.7

<u>Geographical summary</u>

	UK	North America	Europe
Gross assets[1]	1,407.5	2,802.6	1,704.8
Gross liabilities[1]	1,250.3	2,884.5	1,594.9
Revenue from external customers[1]	2.1	17.9	61.8

[1] Excludes consolidation adjustments

<u>Overview of R&Q Group</u>

During the year we saw substantial progress with regards to its Five-Pillar Strategy, most notably the continued evolution and transition of R&Q Legacy and significant investment and change aimed at making R&Q a modern and efficient company with a strong culture. In many ways these changes represent a multi year operational turnaround at R&Q. Turnarounds are difficult; they take time, focus and resilience in the face of both many obstacles and outside scrutiny.

In 2022 we were also required to navigate a number of events we had not anticipated at the start of the year, and which took up significant management time. The activism, in particular, took a toll on the mental health of many of our employees who are proud of their work at R&Q and readily embraced the new strategy, yet found our company at the centre of unnecessary and unfounded attention.

Turning to our performance for 2022, we are disappointed with our headline operating result, which is a Pre-Tax Operating Loss of $33.4 million. This loss is larger than expected, primarily driven by $32 million of adverse development in R&Q Legacy, mainly from our older legacy books. Beyond the adverse development, and at an underlying level, this result reflects two businesses at different stages of their development. Accredited continued to grow and reported record results and a profit of $55.7 million while R&Q Legacy reported a loss $56.6 million. If not for the adverse development, R&Q Legacy would have shown good execution against its transition plan to become a more capital efficient business. Our overall loss was also impacted by $32.4 million in Corporate and Other, which is primarily interest expense.

Accredited, has seen remarkable growth in the past five years and is now the largest program manager in Europe and one of the largest in the US. It also relies on an ‘A’ credit rating to conduct its business and, although it has historically relied on the financial strength of the broader Group to obtain its credit rating, it now has both the size and scale to achieve a standalone credit rating. Conversely, R&Q Legacy, which does not require a credit rating to conduct business, is at an earlier stage of its strategic journey as it transitions to a fee-oriented and capital-efficient model that will create a more profitable, sustainable and valuable business. Therefore, we announced in April 2023 that the Board had concluded that it was in shareholders’ best interests to evaluate strategic options that allowed for a separation of Accredited and R&Q Legacy. A process is underway for the sale of Accredited with interest expressed from a number of parties. In addition, a variety of strategic actions are being explored in relation to R&Q Legacy.

We have two great businesses, but they operate in different parts of the insurance ecosystem, require different skillsets and expertise, and have different rating and regulatory needs. We are now in a position where each has the scale, maturity, and brand strength to stand on its own. By separating these businesses, we can ensure both have the right level of management focus and appropriate capital structures to achieve their full potential. Legal separation was successfully completed as planned in Q2 2023 and with the completion of the reorganisation, AM Best announced the recognition of Accredited as an independent rating unit (separate from R&Q) and has maintained an A- financial strength rating pending the completion of the sale process.

We also announced in June 2023 that we have raised $50m of preferred equity from Scopia Capital, one of our largest shareholders, with the opportunity to raise an additional $10 million. This is being used to increase the capital resources of R&Q Legacy, which is providing reinsurance support to Accredited, as well as general corporate purposes given that Accredited will no longer pay intra-group dividends to R&Q as part of a requirement to secure its financial strength rating from A.M. Best.

Group

Our Key Performance Indictors (KPIs) measure the economics of the business and adjust IFRS results to include fully written Program Fee Income and exclude non-cash intangibles created from acquisitions at R&Q Legacy, net realised and unrealised investment gains on fixed income assets, foreign currency translation reserves, non-core expenses and exceptional items.

Our Pre-Tax Operating Loss was $33.3 million, primarily due to adverse reserve development in R&Q Legacy’s core reserve portfolios of $32 million and fewer than expected legacy transactions completed. One of our KPIs is to grow our Fee Income which was $92 million (excluding minority stakes in MGAs), a 105% increase compared to 2021.

Tangible Net Asset Value was $301 million, a 16% decrease compared to year-end 2021, primarily as a result of adverse development in R&Q Legacy and c.$100 million in extraordinary one-time charges, of which $43 million is associated with a non-cash charge related to adverse reserve development in a non-core subsidiary, which will reverse upon deconsolidation from the Group and movement to discontinued operations in Q1 2023. The remaining extraordinary one-time expenses include reinsurance litigation associated with older legacy transactions and a discontinued program business ($28 million), automation process implementation costs ($14 million), which is expected to yield meaningful productivity savings starting in 2024, advisory costs associated with last year’s unsuccessful sale of the Group which was not approved by its shareholders, subsequent shareholder activism ($8 million) and other one-off costs ($3 million). On a fully diluted basis, our Operating Loss Per Share was 9.9 cents and our Tangible Net Asset Value Per Share was 79.7 cents.

Our IFRS Loss After Tax was $297 million for the year, impacted by c.$162 million of non-cash items, including net unrealised and realised investment losses on fixed income assets of $135.8m, unearned program fee income of $17 million and amortisation of net intangibles of $9.6 million. Our IFRS Net Asset Value was $185.2 million, which is impacted by c.$218 million of non-cash items, including accumulated net unrealised investment losses on fixed income assets of $111.6m, unearned program fee income of $34.9 million and net intangibles of $71.0 million. On a fully diluted basis, our IFRS Loss Per Share was 91.3 cents and our IFRS Net Asset Value Per Share was 49.1 cents.

In 2023 we are adopting US GAAP as our accounting standard. US GAAP has a number of differences from IFRS, namely fair market value measurement of legacy gross and ceded reserves including a risk margin, as well as the recognition of unallocated loss adjustment expenses and current expected credit losses on reinsurance recoverables. Neither US GAAP nor other accounting standards, such as IFRS 17, recognise Day-1 gains in legacy insurance transactions. As a result of these differences, our unaudited US GAAP Loss After Tax for 2022 was estimated at $90–115 million and our US GAAP Net Asset Value at 31 December 2022 was estimated at $225-250 million, significantly different than IFRS results.

Accredited

Accredited business continued to grow rapidly in 2022. Our Gross Written Premium was $1.8 billion, a 76% increase compared to 2021. Our results demonstrate the benefits of scale as we earned a Pre-Tax Operating Profit of $55.7 million, a 170% increase compared to 2021, representing a 56.8% margin on Gross Operating Income, an increase of 21.1 percentage points compared to 2021. This Pre-Tax Operating Profit includes $12.4 million associated with our minority stakes in MGAs.

The primary driver of Pre-Tax Operating Profit is our Fee Income. Fee Income excluding minority stakes in MGAs was $80.0 million, a 78% increase compared to 2021. Program Fees averaged 4.7% of ceded written premium, which is flat compared to 2021, and we expect Fee Income to generally grow in line with Gross Written Premium. Underwriting Income represents our c.7% retention of Program Insurance risk. Our Underwriting result was breakeven primarily due to the purchase of excess of loss reinsurance above and beyond the underlying combined ratio of 85% in order to minimise any balance sheet volatility. Our Investment Income was $5.6 million, a 108% increase compared to 2021 associated with higher reinvestment rates. Finally, Fixed Operating Expenses increased 14% compared to 2021 due to the expansion of our staff and a higher allocation of corporate expenses.

R&Q Legacy

R&Q Legacy concluded four transactions with Gross Reserves Acquired of $68 million, a decrease of 91% compared to 2021 due to extra prudence in softer pricing market. At year-end 2022, we had Reserves Under Management of $396 million and during 2022 we reported Fee Income of $12.1 million compared with none in 2021. We expect Fee Income to become the predominant driver of Pre-Tax Operating Profit once we fully deploy capital in our sidecar, Gibson Re. Our Pre-Tax Operating Loss was $56.6 million, which included $32 million of adverse reserve development (included in Underwriting Income). Note that Underwriting Income in 2022 is not comparable with 2021, which included Day-1 accounting gains on legacy transactions closed before Q4 that were 100% retained by R&Q. Our Investment Income was $24.9 million, a 29% increase compared to 2021 driven by higher reinvestment yields. Finally, our Fixed Operating Expenses decreased 15% compared to 2021 due to expense control and foreign exchange rates.

Corporate and other

Our Corporate and Other segment includes unallocated operating expenses and finance costs. Unallocated operating expenses were $1.9 million, an 86% decrease compared to 2021 primarily driven by higher allocations to the two business segments. Interest expense was $30.5 million, a 34% increase compared to 2021 associated with higher interest rates.

Cash and investments

Our Cash and Investments at year-end 2021, excluding funds withheld, was $1.6 billion. We produced a book yield, which excludes net realised and unrealised gains on fixed income assets, of 1.9%, an increase of 50 bps compared to 2021 due to the higher interest rate environment.

We maintain a conservative, liquid investment portfolio so that we can produce consistent cash flows to meet our liability obligations, while also earning a reasonable risk-adjusted return. 97% of our portfolio was invested in cash, money market funds, and fixed income investments. Of our fixed income investments, 95% were rated investment-grade. After cash, which comprised 20% of our portfolio, our largest allocations were to corporate bonds (39%), government and municipal securities (20%), asset-backed securities (17%) and equities (3%). We have maintained a duration in our portfolio of 3 years, shorter than that of our liabilities of 6 years.

During 2022, financial markets witnessed a significant increase in interest rates. As a result, our investment portfolio experienced unrealised net investment losses of $118 million, which are included in our IFRS results. Given the high credit quality of our investment portfolio and the primarily casualty-focused retained liabilities, we do not expect to realise these mark-to-market losses other than to rebalance the portfolio for more attractive reinvestment opportunities, and hence do not include such movement in our Pre-Tax Operating Profit.

Capital and liquidity

Last year we raised $130 million of equity capital ($121 million net of fees), of which $60 million was contributed to Funds At Lloyd's and the rest for general corporate purposes. Since then, we have experienced unexpected adverse development in R&Q Legacy, primarily in Lloyd's. We also had $28 million in unexpected one-off historic legal matters associated with restructuring of older legacy transaction and discontinued programs. As a result, our Group Solvency ratio at 31 December 2022 was 158%, which is above our target level of 150%. Nevertheless, this adverse development and one-off historic legal matters used up a material amount of our capital resources, and without the ability to take dividends from Accredited as part of the planned separation, required that we raise $50-$60 million of preferred equity this year. Our total debt at year end 2022 was $344.9 million, which includes a bank facility as well as subordinated notes. In addition we have $175.4 million of unsecured letters of credit which are guaranteed by the Group.

Selected Financial Information	2022 $M	Restated* 2021 $M
Gross Written Premiums	1,908.7	1,539.7
Written premiums ceded to reinsurers	(1,764.9)	(1,463.5)
Earned Premiums not of reinsurance	**101.3**	**64.0**
Program Fee Income	62.9	31.8
Gross Investment Income	(97.4)	6.4
Other Income	14.9	6.6
Total Income	**81.7**	**108.8**
Net Incurred Claims	(167.1)	(126.3)
Operating Expenses	(178.9)	(166.0)
Results of operating activities before goodwill and bargain purchase	**(264.3)**	**(183.5)**
Goodwill on bargain purchase	0.6	49.7
Amortisation and impairment of intangible assets	(9.7)	(12.8)
Share of profit of associates	12.5	11.2
Results of operating activities	**(260.9)**	**(135.4)**
Finance Costs	(31.7)	(26.5)
(Loss) from operations before income taxes	**(292.6)**	**(161.9)**
Tax credit/(charge)	(4.4)	34.8
(Loss) for the year	**(297.0)**	**(127.1)**

*** Change in accounting policy on discounting of long tail portfolios with predictable cashflows in 2023 has been reflected in restatement in prior periods.**

h. Any Other Material Information

A key impact on the 2021 result was the c.$90 million charge for the non-cash impairment of a structured reinsurance contract that was previously held as an asset.

In January 2023, the Group announced that it had made a non-controlling interest in a corporate vehicle which owns corporate liability exposures (formerly MSI Safety). The Group will manage the exposures for an annual management fee.

On 17 March 2023, the Group sold its 40% non-controlling interest in TPM Holdings (Tradesman) for a total consideration of $47m.

In March 2023, the Group and the Pennsylvania Insurance Department agreed to proceed with a liquidation of R&Q Reinsurance Company. In April 2023, the Group announced the intention to separate its Program Management business, Accredited, from Legacy Insurance and in June 2023 received all regulatory consents required.

In June 2023, the Group announced a $50m issuance of preferred stock to a current shareholder, with the potential to upsize the transaction to $60m.

In June 2023, the Group announced it was exploring a potential sale of Accredited.

II GROUP GOVERNANCE

The R&Q Group continues to develop and evolve its System of Governance. This provides the framework within which the R&Q Group and its subsidiary entities in different jurisdictions operate, whilst meeting relevant statutory and regulatory requirements. The Group has adopted an appropriate structure to support and enhance its ability to manage its business soundly and prudently. The Group recognises that it needs a System of Governance which not only meets its various regulatory expectations, but one which is also proportionate to the nature of the business, complies with existing requirements, and is flexible enough to be able to adapt to changes in the regulatory and statutory environment. The System of Governance is regularly reviewed and assessed to ensure it is appropriate given the nature, scale, and complexity of the risks inherent to the Group.

The Group Board of Directors

On 31 March 2023, Jeff Hayman was appointed Non-Executive Chair. William Spiegel assumed the role of Group Chief Executive Officer and remains a director. Alan Quilter, previously Group Chief Executive Officer also remains a director and will work exclusively with the Program Management teams in the US and UK/Europe before retiring at the end of December 2023.

Robert Legget joined the Board on 26 August 2022 and is the Senior Independent Director and a member of the Audit Committee, Investment Committee and Remuneration, Nominations and Governance Committee. Alistair Campbell retired from the Board, after the conclusion of his nine-year term. Jo Fox has been appointed as Chair of the Audit Committee. The appointment of another Non-Executive Director was deferred until the new Chair had been appointed and has a chance to become acquainted with the Board.

Philip Barnes has surpassed his nine-year tenure. However, given the delay in appointing a new Non-Executive Director, the Board has expressed desire to retain Philip Barnes' experience on the Group while the separation of the Legacy and Program Management businesses is undertaken. Philip Barnes will continue as the Chair of the Risk and Compliance Committee. The Board considers Philip Barnes as independent as he continues to make independent contributions and challenges management.

Composition of the Board

The Board is led by Jeff Hayman, Non-Executive Chair, whose role is to provide strong and effective leadership of the Board, to ensure that the Board is effective in its task of setting and implementing the Group's direction and Strategy and to ensure the Board is structured effectively to observe the highest standards of integrity and corporate governance.

The Independent Non-Executive Directors comprise Philip Barnes, Eamonn Flanagan, Jo Fox and Robert Legget (Senior Independent Director). They provide an external perspective, independent oversight and constructive challenge to the Executive Directors and leadership by using their broad range of experience and expertise. Philip was appointed to the Board on 14 May 2013 and has been a director of the Board for more than 9 years. It is the policy of the Board to rotate Non-Executive Directors off the Board after 9 years and it was the intention for Philip not to seek re-election at the 2023 AGM. However, the Board has expressed a desire to retain Philip's experience on the Group while the separation of the Accredited and R&Q Legacy businesses is undertaken. The Board considers Philip as independent as he continues to make independent contributions and challenges management.

All the Non-Executive Directors are able to commit the time necessary to fulfil their respective roles, including making themselves available at short notice when required.

Robert Legget replaced Alastair Campbell as the SID. His role is to provide a sounding board for the Chair, to act as an intermediary for other Directors where necessary and to provide an additional channel for shareholder communication.

There are three Executive Directors on the Board – William Spiegel, Group Chief Executive Officer, Alan Quilter, Group Head of Program Management, and Tom Solomon, Group Chief Financial Officer. They work full-time for the Company and are responsible for the day-to-day running of the Group's businesses and the development and implementation of strategy and decisions made by the Board, and for operational management of the Group.

Board Committees

The Board is supported by the work of its four principal committees:

- The Audit Committee
- The Remuneration, Nominations and Governance Committee
- The Risk and Compliance Committee
- The Investment Committee.

Other supporting Committees include the Disclosure Committee. The Disclosure Committee comprises the Group Chief Executive Officer, Chief Financial Officer and Group Head of Program Management. It meets annually to review the operation, adequacy and effectiveness of the Group's disclosure procedures and as necessary for the purpose of assisting the Board in fulfilling its responsibilities under the Market Abuse Regulation, AIM Rules and the Disclosure and Transparency Rules.

The Terms of Reference for the committees can be found at - https://www.rqih.com/investors/corporate-governance/board-committees/

Changes to the Governance Framework

During 2022, the Remuneration and Nominations Committee was renamed the Remuneration, Nominations and Governance Committee and the terms of reference of this Committee was amended to include additional items in relation to Governance. The terms of reference for all Board Committees were updated and approved by the Board.

Governance Framework

The Board has a clear corporate governance framework, the structure of which is described below.

<table>
<tr><th colspan="4">The Board</th><th rowspan="12">Shareholders and Stakeholders</th></tr>
<tr><td colspan="4">The Board is primarily responsible for setting the Group’s strategy for delivering long-term value to shareholders and other stakeholders, providing effective challenge to management concerning the execution of the strategy and ensuring the Group maintains an effective risk management and internal control system.</td></tr>
<tr><td>Strategy</td><td>Principal risks</td><td>Working Responsibly</td><td>Key activities of the Board</td></tr>
<tr><td colspan="4">The Schedule of Matters Reserved for the Board is available on the Group’s website: https://www.rqih.com/investors/corporate-governance/</td></tr>
<tr><td colspan="4"></td></tr>
<tr><th colspan="4">The Board delegates certain matters to its four principal Committees</th></tr>
<tr><td>Audit Committee
Oversees the Group’s financial reporting, maintains an appropriate relationship with the external Auditor and monitors internal controls.</td><td>Remuneration, Nominations and Governance Committee
Establishes R&Q’s Remuneration Policy and undertakes succession planning for the Board and senior executives.
Oversees the Corporate Governance Framework</td><td>Group Risk & Compliance Committee
Oversees risk management, internal controls and regulatory compliance across the Group.</td><td>Investment Committee
Oversees the investment strategy, management and performance of the Group’s investment assets.</td></tr>
<tr><td colspan="4">There is also a Disclosure Committee.</td></tr>
<tr><td colspan="4"></td></tr>
<tr><th colspan="4">Non-Executive Chair</th></tr>
<tr><td colspan="4"></td></tr>
<tr><th colspan="4">Executive Directors and Senior Leadership Team</th></tr>
<tr><td colspan="4">The Executive Directors and Senior Leadership Team meets on a monthly basis and is responsible for the day-to-day running of the business.</td></tr>
<tr><td colspan="4">The roles and responsibilities of the Non-Executive Chair and the Executive Directors are available on the Group’s website at https://www.rqih.com/our-people.</td></tr>
</table>

b. Fitness and Proprietary Requirements

i. Fit and Proper Process

RQIH ensures that it is directed and managed by fit and proper persons to hold their respective positions and that those Directors and Officers meet the following criteria:

- Are professionally competent and capable to carry out their responsibilities and have demonstrated this through their experience and training
- Undertake and pass an assessment of honesty based on relevant evidence regarding character, personal behaviour and business conduct including any criminal, financial, supervisory aspects regardless of jurisdiction.

Such assessments of fitness and propriety are documented for all levels of staff and identify circumstances where re-assessment may be required.

The assessment of the management and technical competence of an individual is based on their previous experience, knowledge and professional standing, which demonstrates due skill, care, diligence and compliance with the relevant standards of the area/sector they have worked in by reference to the relevant role description.

In relation to Director Appointments, the assessment also considers how the proposed appointment would augment the fitness and propriety of the Board as a whole.

The assessment of reputation includes checks as to whether there are any reasons to believe from past conduct that an individual may not discharge their duties in line with applicable rules, regulations, and guidelines. Assessment is initially made prior to appointment to their role but is reassessed on a regular basis.

For each new regulated role, the company determines the particular skill sets and expertise required, and then assesses how these requirements are met through a gap analysis against the attributes of the individual candidates. A view is then taken on the overall suitability of the candidate and, to the extent there are perceived shortfalls, the suitability and timing of available training.

The continuing suitability of individuals for Director, key functions (Risk Management, Internal Audit, Actuarial and Compliance), and Senior Management roles is assessed annually after initial appointment in relation to the regulated entities, and periodically otherwise. Any training needs are identified and addressed as part of this process.

Director Bios are included in Appendix 1.

c. Risk Management and Solvency Self-Assessment

i. Risk Management Process & Procedures to Identify, Measure, Manage and Report on Risk Exposures

Overall Responsibility for Risk Management

The Board and senior management continue to appreciate that the ongoing success of the Group depends in its collective understanding and management of the Group's known risks and exposures.

The Board has responsibility for ensuring that the Group has an appropriate and proportional approach to risk management across the Group, and that this approach is both generic to the Group's activities and aligned with the overall corporate strategy. The risks facing the Group continue to evolve and increase or decrease in potential impact and probability of organisation on over time. The Group continues to be entrepreneurial and innovative, in spite of, and in many respects because of, the challenges of the pandemic and the aftermath and the current ongoing macroeconomic and geopolitical volatility. These factors have continued and will continue to test the rigour of the Group's risk management framework and control environment.

Risk Management Framework and Risk Management Function

The Group has a mature risk management framework and risk function headed by the Chief Risk Officer. The Group Risk Function is responsible for designing, overseeing, implementing, and improving the risk management framework. It works closely with the Board and senior management, meeting regularly with them to monitor existing identified risks and uncertainties, identify new and emerging risks and to ensure that there are appropriate processes and procedures in place to monitor these risks. It is also responsible for monitoring that the business meets regulatory expectations around enterprise risk management and reporting of risk to the Board and the Group Risk and Compliance Committee.

The management of risk and uncertainty is ongoing and iterative and the following overarching process is adopted.

The Group's risk management framework and reporting mechanisms have adapted and will continue to adapt to address the Group's evolving strategic objectives.

Group Risk and Compliance Committee

The Group Risk and Compliance Committee is a formally constituted Committee of the Board. A report from the Group Risk and Compliance Committee Chair on its remit, responsibilities, operation, areas of focus during 2022, discharging of responsibilities, self-evaluation and plans for 2023 appears in the Group's Annual Report.

Risk Appetite

The risk appetite framework sets the boundaries within which risk taking should remain in order to meet the expectations of the capital providers and other stakeholders. For the Group, it is articulated via a series of quantitative and qualitative statements covering all defined categories of risk.

Risk appetite reflects the amount of risk taking which is acceptable to the Group. Accordingly, risk appetite refers to the Group's attitude to risk taking and whether it is willing or able to tolerate a high or low level of exposure to specific risk or risk categories.

Risk tolerance represents the Group's ability and willingness to bear risk. When considering this, factors such as the availability of capital, ability to raise capital, strength of underlying operational processes and procedures and strength of the organisation's culture are all relevant.

The risk appetite framework, which is set at both the Group level and for each of the key business units, is reviewed annually and/ or when there are material changes to the overall risk profile of the Group and or its business units.

Risk Governance

Risk governance within the Group continues to adopt a three lines of defence model at both Group and business unit/entity level.

Own Risk and Solvency Assessments and Equivalents

The own risk and solvency assessment (ORSA) or equivalent is defined as; 'The entirety of the processes and procedures employed to identify, assess, monitor, manage, and report the short- and long-term risks a firm faces or may face and to determine the own funds necessary to ensure that overall solvency needs are met at all times.' The report produced as part of this process can be described as the 'shop window' of the business planning, capital setting and risk assessment process.

Internal Control System

The Group's internal control system comprises the following key elements:

- Documented governance arrangements continue to evolve along with the overall business strategy
- Strategic planning process setting priorities for the forthcoming planning horizon, reviewed by the Board periodically to ensure the Group is focusing on its core strengths
- Detailed planning/budgeting process subject to detailed and ongoing oversight and scrutiny delivering forecasts/targets for Board review and approval
- Management information systems, including corporate reporting on financial/operating performance
- A defined risk appetite framework governing management, control and oversight of key risks and issues
- Overall Group capital adequacy planning conducted biannually
- Compliance arrangements throughout the Group
- Internal audit function providing third line assurance to the Board via the Audit Committee following a risk-based, approved annual Audit Plan, on the effectiveness of the Group's internal controls in respect of key risks identified
- Risk management function as described above.

The Board considers that the controls in place during 2022 were and continue to be relevant, proportional, and appropriate for the needs of the Group, and in addition are sufficiently flexible to evolve with the changing needs of the business.

A number of the Group's subsidiaries are regulated and accordingly are subject to the relevant degree of local regulatory oversight. Members of the Board and senior management regularly meet with the Group's various regulatory supervisors, conducting the relationship in an open and constructive manner.

The scope of the Group Risk Committee in late 2021, to encompass compliance, has heightened regulatory scrutiny and the requirement for the appropriate level of governance and oversight in this regard.

Emerging Risks

The Group and subsidiary Boards of Directors consider, and continue to consider, the probability and impact of emerging risks which may impact the organisation in the future. There is a multi-disciplinary Group level Emerging Risks Focus Group which is tasked with monitoring emerging risks and reporting its findings to the Group Risk and Compliance Committee and relevant company committee via the regular CRO reports. This process is now well embedded.

The Emerging Risk Focus Group met most recently in February 2023 to review the emerging risks heatmap and in particular, to revisit climate change risks to allocate actions, owners and timescales. The top emerging risks are now as follows:-

- ***Macro-economic volatility leading to global recession*** –due to the rising cost of living, especially in the UK, driven by high inflation and high interest rates, leading to lower consumer spend, with the external landscape remaining fluid and volatile.

- ***Changing expectations of the workplace*** – Staff retention and recruitment markets in all areas continue to be very tight for candidates, with raised expectations by prospective employees around salary and benefits

- ***Political Uncertainty (Government interference)*** – This remains a key with the Russia / Ukraine conflict continuing and respective governments trying to manage resulting high inflation.

- ***Developing Cyber -*** Given the continued increase in global cyber activity and the prevailing Russia/Ukraine conflict.

- ***Increase in Regulatory Scrutiny*** – the Group continues to receive regulatory scrutiny given its ongoing growth aspirations.

Other key emerging risks are as follows:-

- ***Civil Instability*** – fear of civil unrest, particularly in the UK, with increased strike actions due to the cost-of-living crisis.

- ***Pandemic*** – COVID-19 is now an established and ongoing health issue which no longer constitutes a public health emergency of international concern (PHEIC).

- ***Interruption to Infrastructure*** – although there is an ongoing threat of power outages in the UK. However, there is a UK government plan in place to mitigate a power shortage should this be required.

- ***Climate Change*** –Work continues to progress on identifying climate change impact on R&Q and meeting the Task Force on Climate-related Financial Disclosures ("TCFD") requirements.

- ***Trade, Tariffs and Sanctions*** –there is a risk of potential exposure in the legacy book.

- ***Event driven litigation*** – there is evidence that externally, there is a possibility of a surge in climate-related litigation.

- ***New and Emerging Technology*** the impacts of new technology can have both a positive and negative effect and the Group's strategy is to embrace and increase the automation of processes.

A TCFD working group has been set-up and met on 31st January 2023 to help develop possible climate change scenarios for R&Q.

The focus group continues to monitor the specific risks and opportunities arising from requirements of the Task Force on Climate-related Financial Disclosures ("TCFD") .

d. Internal controls

Description of internal control system

Refer above for details on the Group's internal control system.

ii. Compliance function

RQIH's Group Head of Governance has responsibility to monitor regulatory changes in the relevant jurisdictions and compliance with applicable existing laws, including regulatory reporting and public disclosure requirements. The Group compliance function monitors compliance with organisational policies and procedures and adherence to the Company's Code of Ethics. Any compliance breaches are reported to the Board.

e. Internal Audit

The Group Internal Audit function is headed up by the Group Head of Internal Audit. The Internal Audit function operates independently with the Group Head of Internal Audit reporting to the Chairman of the Group Audit Committee.

To ensure Internal Audit remains independent, its employees are not authorised to perform any operational duties or approve any transactions in the organisation. The team is, when required, supplemented by using additional independent in-house resources and external co-sourced resources. The Internal Audit Team monitors compliance with the Code of Ethics of the Chartered Association of Internal Auditors International Professional Practice Framework.

f. Actuarial Function

The Group Actuarial function is headed up by the Chief Actuary, who is an actuary with significant experience in the non-life classes of insurance. The actuarial team consists of a large team of qualified actuaries, part qualified actuaries and analysts based in London, Bermuda and the United States. The Group Actuarial function supports the Group's subsidiary operations in each jurisdiction in which it operates.

The key actuarial services provided include:

- Assessment of Technical Provisions for accounting purposes, regulatory and internal purposes as required
- Pricing support to the Underwriters
- Monitoring and reporting the performance of Syndicates and group owned and managed companies
- Support for the assumption or acquisition of loss portfolio transfers, Lloyd's Syndicates, insurance companies or captives
- Commutation pricing support

g. Outsourcing

Outsourcing Policy and Key Functions that have been Outsourced and ii. Material Outsourcing

The Group has an outsourcing policy and is very experienced in managing outsourced services. The Group generally does not outsource any of the material Group functions of actuarial, risk management, compliance and internal audit, although external professional firms are engaged in support of these functions from time to time. Any outsourced support is provided by teams of experienced and qualified specialists and under the direction and supervision of the Group's personnel.

Most of the companies within the Group do not have direct employees and thus outsource a number of functions to service companies within the Group, most notably within the US and UK.

h. Other Material Information

No additional material information to report.

III. RISK PROFILE

Material Risks the Insurer is Exposed to During the Reporting Period

Principal Risks and Uncertainties

The Group's Principal risks and uncertainties are described in detail in the 2022 Annual Report and accounts. For each principal risk, the title, a brief description of each risk and key mitigating actions are described. Whilst certain emerging risks may have the potential to affect more than one operating entity, local evaluation will rightly tend to be based more upon the specific entity than on that of the wider Group. Rather than creating an industry, the process of reviewing entity analysis and wider market analysis is centralised.

b. Risk Mitigation in the Organisation

The Group has a comprehensive risk management framework implemented both at a Group level and in each operating subsidiary. The risk management function is under the control of the Group Chief Risk Officer and reports directly to the Group's Board and the Group Risk and Compliance Committee.

The risk management function has established and implemented risk management across the Group which includes the co-ordination, aggregation, facilitating and enabling the management of risk and is specifically responsible for oversight of risk strategy, risk appetite, risk ownership, risk governance, internal models, emerging risks, risk assessment, risk policies and procedures, risk co-ordination, risk reporting and communications, business continuity, insurance and liaison with relevant external parties.

c. Material Risk Concentrations

The Company has policies governing risk concentrations in relation to counterparties, credit quality, concentration and geographical locations. The Group monitors exposures, risk limits and concentrations. The Group's risk exposure monitoring is completed by the Actuarial and Risk Management teams in London.

d. Investment in Assets in Accordance with the Prudent Person Principle

The Company's investment portfolio is managed in accordance with the investment policy and investment guidelines. These guidelines are designed to ensure that highly liquid and low volatility investments support technical provisions to ensure that claims can be paid as they fall due. The investment policy and guidelines are reviewed as required, for example if any significant developments have occurred that affect the financial markets.

e. Stress Testing and Sensitivity Analysis to Assess Material Risks

The Group performs various stress tests on an annual basis to determine the adequacy of capital/solvency/liquidity to ensure regulatory requirements are met. The stress tests performed relate to underwriting risk exposures, interest rate risk, credit risk and reverse stress tests.

IV. SOLVENCY VALUATION

Valuation Bases, Assumptions and Methods to Derive the Value of Each Asset Class

The Group has used the valuation principles outlined by Bermuda Monetary Authority's "Guidance Note for Statutory Reporting Regime" for the 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 – includes cash time deposits. The fair value of these holdings is determined by using mark to market valuation, or quoted market prices in active markets for similar assets with adjustments to reflect differences if mark to market valuation is not possible, or mark to model valuation otherwise.
- Fixed Income Securities – are valued in accordance with mark to market principles where possible or quoted market prices in active markets for similar assets with adjustments to reflect differences if mark to market valuation is not possible. For fixed income securities that are not actively traded and for which similar assets are also not actively traded, the Company uses pricing services to prepare inputs to assist the Company with mark to model valuations.
- Equities and investment funds – includes common stock and preferred shares and are valued using the quoted market prices.
- Accounts Receivable and Premium Receivable – are recorded at a fair value and balances due in more than one year have been discounted at the relevant risk-free rate.
- Intangible Assets – consists of computer software which is recorded at fair value but only to the extent that these assets are deemed to be separable and the future economic benefit can be reliably measured. Other intangible assets are recorded at nil value.

b. Valuation Bases, Assumptions and Methods 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 contained 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 Bermuda Monetary Authority for each reporting period.

The best estimate for the loss and loss expense provision is calculated by using IFRS Accounting Principles reserves as the starting point and then performing a series of adjustments:

- Removal of prudence margins.
- Incorporation of expected reinsurance counterparty defaults.
- Incorporation of events not in data (ENID).
- Other adjustments related to consideration for investment expenses, etc.
- Discounting of cash flows.

The best estimate for the premium provision is calculated by using the unearned premium reserve on a IFRS basis, adjusting for bound but not incepted business as at 31st December 2022 and applying expected future loss ratios, expense ratios and appropriate claims pay-out patterns to derive cash flows which are then discounted.

At 31 December 2022, the total Technical Provisions amounted to $1,092.0m comprising the following (reported in $'000s):

- Best Estimate Loss and Loss Expense Provision $971.5m
- Best Estimate Premium Provision $34.4m
- Risk Margin $86.0m

c. Recoverables from Reinsurance Contracts

The valuation of recoverables from reinsurance contracts is based upon principles similar to the gross best estimate.

The recoverables from reinsurance contracts balance is adjusted for potential impairment based upon counterparty credit rating (from official rating agencies) and experience of each underlying reinsurer's statistics of default or dispute.

d. Valuation Bases, Assumptions and Methods to Derive the Value of Other Liabilities

Similar to the valuation principles for assets, the Company's liabilities follow the valuations principles outlined by Bermuda Monetary Authority's "Guidance Note for Statutory Reporting Regime" which values liabilities at a fair value basis. All other liabilities (with the exception of Notes Payable and Derivative Instruments) are valued on an IFRS basis and settlements not expected to be settled within a year, are discounted using the prescribed discount rates provided by the Bermuda Monetary Authority as at 31st December 2022. Notes Payable are valued on an IFRS basis. In the absence of an active market, prices are based on observable market inputs.

e. Any Other Material Information

No additional material information to report.

V. CAPITAL MANAGEMENT

a. Eligible capital

i. Capital Management Policy and Process for Capital Needs, How Capital is Managed and Material Changes During the Reporting Period

The primary capital management objectives of the Group are to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements. The Group strives to achieve an appropriate capital structure that efficiently allocates capital to the Group's risk. The Group's capital and risk management strategy are primarily unchanged over the prior year.

To maintain a strong capital base, the Group identifies, assesses, manages and monitors the various risk sources it faces in the course of business. This process culminates in an assessment of the capital necessary to maintain solvency at the threshold targeted by senior management given the Group's risk profile. The Group's risk profile includes an assessment of the current and anticipated future material risks faced by the Group, the strength of the organisation's risk management, capital measures, qualitative risks, stress testing, liquidity, and financing mechanisms.

ii. Eligible Capital Categorised by Tiers in Accordance with the Eligible Capital Rules

At the end of the reporting period, the Company's Eligible Capital was categorised as follows:

		$000s
Tier 1 Capital	Share Capital	9,959
	Contributed Surplus	409,808
	Statutory economic surplus	(87,055)
Total Tier 1 Capital		**332,712**
Tier 2 Capital	Subordinated Loan Notes	125,000
Tier 3 Capital	Senior Floating Rate Notes	70,000
Total Eligible Capital		**527,712**

The Company's Tier 1 Capital consists of share capital, contributed surplus, and statutory surplus. The Company's Tier 2 Capital consists of subordinated loan notes, while Tier 3 represents senior floating rate notes.

There are no pledged assets that exceed the Company's policyholder obligations, therefore there are no adjustments to the Eligible Capital tiers.

iii. Eligible Capital Categorised by Tiers in Accordance with the Eligible Capital Rules Used to Meet ECR and MSM Requirements of the Insurance Act

At the end of the reporting period, the Company's Eligible Capital for its Minimum Margin of Solvency (MSM) and Enhanced Capital Requirement (ECR) was categorised as follows:

	MSM	ECR
Tier 1	332,712	332,712
Tier 2	83,178	125,000
Tier 3	-	70,000
Eligible Capital	**415,890**	**527,712**

iv. Confirmation of Eligible Capital That is Subject to Transitional Arrangements

There are no transitional arrangements for Eligible Capital

v. Identification of Any Factors Affecting Encumbrances on the Availability and Transferability of Capital to Meet the ECR

None.

vi. Identification of Ancillary Capital Instruments Approved by the Authority

None

vii. Identification of Differences in Shareholder's Equity as Stated in the Financial Statements Versus the Available Capital and Surplus

Other than the impact of employing statutory-based technical provision valuation techniques, significant differences between IFRS shareholder equity and available statutory capital and surplus include the reduction in available statutory capital for goodwill and other intangible assets and non-admitted assets.

b. Regulatory capital requirements

i. ECR and MMS Requirements at the End of the Reporting Period

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

Requirement	**$'000**
Minimum Margin of Solvency	$156,479
Enhanced Capital Requirement	$334,109
Target capital level (unaudited)	$501,163
Actual statutory capital and surplus	$527,712

The Enhanced Capital Requirement ratio of 158% is significantly in excess of the minimum requirement of 100% and above the Target Capital level of 150%.

ii. Identification of Any Non-Compliance with the MMS and the ECR

The Company was compliant with its Minimum Margin of Solvency and Enhanced Capital Requirements during the reporting period.

iii. A Description of the Amount and Circumstances Surrounding the Non-Compliance, the Remedial Measures and Their Effectiveness

There was no non-compliance in 2022.

iv. Where the Non-Compliance is not Resolved, a Description of the Amount of the Non-Compliance

The Insurance Group was in compliance in 2022.

c. Approved Internal Capital Model

The company does not use an internal capital model.

vi. Subsequent Events

There were no reportable subsequent events other than those noted in Appendix 2 (full text available on request or via www.rqih.com).

Appendix 1 – Directors Bios

Jeff Hayman
Non-Executive Chairman

Date appointed to Board

Non-Executive Chairman from 31 March 2023

Skills and experience:

» 40 years' insurance experience, principally P&C insurance

» Extensive Board experience for a range of global Insurance companies

» Strong executive experience within insurance sector

Jeff Hayman serves as R&Q's Non-Executive Chair. He brings extensive experience and has spent 40 years in the insurance industry with long tenures at The Travelers and American International Group (AIG). Jeff was recently a Board member and committee chair of Zurich Insurance Group Ltd. He has also served on the boards of 21st Century Insurance and Fuji Fire and Marine Insurance and is a past Chair of the Foreign Non-Life Insurance Association in Japan.

William Spiegel
Director & Group Chief Executive Officer

Date appointed to Board

Group Chief Executive Officer from 31 March 2023

Executive Chairman from April 2021 to 31 March 2023

Deputy Executive Chairman from January 2020 to March 2021

Skills and experience:

» 30 years' financial services experience, principally insurance and insurance services

» Growing small to medium sized insurance companies in the US, UK, and Bermuda

» Extensive public and private company Board experience

William Spiegel joined R&Q from the US private equity group, Pine Brook Partners, which he co-founded in 2006 and where he was managing partner. Prior to this William was with the Cypress Group from its inception, managing its financial services and healthcare investing activities. Before joining the Cypress Group, William worked in the Merchant Banking Group at Lehman Brothers.

Alan Quilter
Director & Chief Executive Officer of Program Management

Date appointed to Board

Chief Executive Officer of Program Management from 31 March 2023

Group Chief Executive Officer from January 2020 to March 2023

Joint Chief Executive Officer from June 2007 to January 2020

R&Q Group Director since 1992

Skills and experience:

» Chartered Accountant

» Member of the Chartered Insurance Institute (CII) and The Association of Corporate Treasurers

» Co-founder of the Randall & Quilter Group

» 50 years' experience in the London insurance market

Alan has been a driving force in the development of R&Q, including its admission to AIM in 2007. Alan has worked in the London insurance market since 1969. Between 1980 and 1987, he headed the Market Financial Services Group at Lloyd's before becoming Managing Director of a specialist investment management company focused on investment markets in the UK. Alan joined Ken Randall as Chief Financial Officer of the Eastgate Group, the predecessor company to the Randall & Quilter Group in 1992.

Tom Solomon
Director & Chief Financial Officer

Date appointed to Board

Chief Financial Officer from 2020

Skills and experience:

» 30 years' financial services experience, principally insurance and insurance services

» Extensive investment banking and capital markets expertise

» A qualified actuary with an MBA from Columbia University

Tom joined R&Q from Bank of America, where he was Managing Director, Head of Americas insurance investment banking. Prior to this, Tom spent 13 years in the investment banking division at Citigroup, where he rose to become Managing Director. Tom started his career in 1992 as a Consultant Actuary with PricewaterhouseCoopers.

Philip Barnes
Non-Executive Director

Date appointed to Board

Non-Executive Director from 2013

Skills and experience:

» Chartered Accountant

» Board level experience with several Bermuda insurance and reinsurance companies

» Extensive finance and insurance experience

Philip has served on the Board of R&Q since 2013. Philip is currently President of the representative office of the Jardine Matheson Group of Companies in Bermuda and was previously a Non-Executive Director of Hiscox Insurance Company (Bermuda) Ltd.

During his 25-year career with Aon, Philip rose to become Managing Director. He oversaw the growth and development of Aon's Bermuda office into the leading manager of captives and reinsurance companies on the island. Philip's training is in finance, and he has served on various industry and Government advisory committees over the years during his 37-year career.

Key external appointments:
President of Jardine Matheson International Services Limited.

Joanne (Jo) Fox
Non-Executive Director

Date appointed to Board
Non-Executive Director from 2019

Skills and experience:
» Chartered Accountant
» Extensive Board level experience with regulated insurance businesses
» Corporate Governance, General Insurance and Solvency II

Jo is a seasoned Non-Executive Director within the insurance sector and has sat on the boards of several global risk carriers and intermediaries operating within Lloyd's and the London market. Jo was Chair and Non-Executive Director of R&Q Managing Agency Limited until it was acquired by Coverys in 2017. Prior to this, Jo held senior finance positions with RoyScot Trust, Liberty Risk Services and International Insurance Company of Hannover. She chaired the International Underwriting Association's Solvency Working Group from 2014 to 2016.

Key external appointments:
Non-Executive Director of Westfield Managing Agency Limited

Eamonn Flanagan
Non-Executive Director

Date appointed to Board
Non-Executive Director from 2020

Skills and experience:
» Qualified actuary
» FTSE Board experience
» Analysing the business and financial models of insurance companies

Eamonn is Non-Executive Director of a number of listed financial services companies. He co-founded Shore Capital Markets in 2003, an independent securities business, where he was a Director and top-rated Analyst, receiving a number of awards in the London insurance market and from the fund management industry. Prior to this, Eamonn was a Director and then Head of European Insurance at a leading investment bank. He is a Fellow of the Institute of Actuaries and the Institute of Directors.

Key external appointments:
Non-Executive Director of AJ Bell PLC and Non-Executive Director of Chesnara PLC.

Robert Legget
Non-Executive Director

Date appointed to Board
Non-Executive Director from 2022

Skills and experience:
» Chartered Accountant
» Corporate governance experience
» Background in capital markets

Robert co-founded Progressive Value Management Limited in 2000. This is now trading under the name of Progressive Asset Management Limited for which he is the Chair, and specialises in creating value and liquidity for institutional investors from illiquid holdings in underperforming companies. In this role he has significant engagement with public company boards. Robert was formerly a Director or Quayle Munro Holdings plc and CT Private Equity Trust plc (formerly Foreign and Colonial Private Equity Trust plc.

Key external appointments:
Senior independent Director of Downing Strategic Micro-Cap Investment Trust plc, Trian Investors 1 Limited and Sureserve Group plc.

Appendix 2

2023 Website Announcements

Date	Website Announcement
6 January, 2023	R&Q and OBRA invest in joint venture to acquire legacy liabilities of MSA Safety
12 January, 2023	PDMR/Director shareholding and total voting rights
17 January, 2023	Seven new programs added during December
23 February, 2023	FY Program Management Update and Sale of minority stake in Tradesman
17 March, 2023	Completion of Tradesman sale
31 March, 2023	Appointment of Non-Executive Chairman
4 April, 2023	Strategic Initiative to Separate Program Management and Legacy Insurance and Trading Update
12 June, 2023	R&Q raises up to $60 million of new equity
26 June 2023	A.M. Best recognises Accredited as an independent rating unit and maintains an A- Financial Strength Rating

Appendix 3

Declaration

To the best of my knowledge and belief, R&Q Insurance Holding's Financial Condition Report for the year ended December 31, 2022 fairly represents the financial condition of the insurer in all material respects.

Tom Solomon – Group Chief Financial Officer

June 29th 2023

Susan Young – Group Chief Risk Officer

June 29th 2023