



THE  
**GRIFFIN**  
INSURANCE ASSOCIATION

ANNUAL REPORT AND  
FINANCIAL STATEMENTS  
YEAR ENDED 30 SEPTEMBER 2025



# CONTENTS

|    |   |
|----|---|
| 1  | STRATEGIC REPORT  |
| 1  | Financial review  |
| 2  | Investment strategy and performance                                   |
| 2  | Key performance indicators  |
| 3  | Claims  |
| 3  | Risk management of Members  |
| 4  | Rules of the Association  |
| 4  | Market conditions   |
| 4  | Griffin Cell  |
| 4  | Principal risks and uncertainties                                     |
| 4  | Future developments   |
| 4  | Climate change  |
| 5  | Statement of Compliance with Section 172(1) of the Companies Act 2006 |
| 6  | STATUTORY DIRECTORS' REPORT   |
| 7  | AUDIT GROUP REPORT  |
| 10 | FINANCIAL STATEMENTS  |
| 10 | Statement of Directors' Responsibilities                              |
| 11 | Independent Auditors' Report  |
| 15 | Income and Expenditure Account  |
| 16 | Statement of Financial Position                                       |
| 17 | Statement of changes in equity  |
| 18 | Statement of cash flows   |
| 19 | Notes to the financial statements                                     |
| 36 | COMPANY INFORMATION   |

# STRATEGIC REPORT



The directors present their Strategic Report for the year ended 30 September 2025.

The Griffin Insurance Association Limited (Griffin or the Association) is a mutual insurance company which provides professional indemnity insurance to a select group of insurance intermediaries, which includes both brokers and Managing General Agents, (the Members), and reinsurance cover to the Atlas Insurance PCC Limited – Griffin Cell, which provides professional indemnity insurance to Members' EU-based operations. The Association was founded in 1988 and currently has 71 (2024 – 81) Members.

The Association's strategic objectives were first established in response to the aspirations and concerns of its founding Members and are regularly reviewed to ensure that they remain relevant, valid and appropriate. The most recent review took place during June 2025, at which it was agreed that the main strategic objectives of the Association should remain as follows:

- Provide the Members with control over an important aspect of their business through the appropriate management of their professional indemnity risk;
- Secure the continuing availability and continuity of cover that meets the membership's requirements;
- Achieve stability in the cost of cover;
- Avoid the inherent conflict of interest in maintaining professional indemnity insurance in the same market in which the Members operate;
- Provide confidentiality in a sensitive area of business;
- Ensure that the relationship between the Members and the Griffin is based on a spirit of partnership and mutuality;
- Raise awareness of the Association as an alternative to the commercial market for the provision of professional indemnity cover, drawing attention to the particular benefits offered through membership, with a view to maximising opportunities for sustainable growth.

## Financial review

The Association remains in a strong financial position, with capital resources within the corridor set by the Board. The financial strength is built on the prudent approach to setting Advance Call for renewing policy years and to reserving reported claims liabilities. This has led to a robust balance sheet, enabling the Association to make returns of call when feasible, while ensuring that claims are settled as needed.

The result for the year to 30 September 2025 shows a surplus on the technical account of £29.0m before returns of call. The table below shows the underwriting results for the past five years, including the impact of returns of call:

|   | 2025<br>£m   | 2024<br>£m | 2023<br>£m | 2022<br>£m | 2021<br>£m |
|---|--------------|------------|------------|------------|------------|
| Balance on the technical account before returns of call   | <b>29.0</b>  | 25.8       | 23.4       | (0.9)      | 19.4       |
| Returns of call   | <b>(7.8)</b> | (8.0)      | (8.0)      | (7.8)      | (7.9)      |
| Balance as reported in the Income and Expenditure Account | <b>21.2</b>  | 17.8       | 15.4       | (8.7)      | 11.5       |
|   | %            | %          | %          | %          | %          |
| Net combined ratio (before returns of call)*              | <b>37.3</b>  | 30.0       | 23.8       | 113.9      | 6.8        |

\* The net combined ratio (before returns of call) is calculated by dividing the sum of claims incurred (net of reinsurance) and net operating expenses by the total of Calls and premiums, minus reinsurance premiums, as shown in the Association's Income and Expenditure Account on page 15. The Association is a monoline insurer and the combined ratio is impacted by a small number of notifications being reported during a financial year. During years where there are high estimates attributed to notifications the combined ratio will be closer to or above 100% and when the Association experiences a benign claims year or notifications that were previously reserved at a high loss estimate improve the Association will see a combined ratio well below 100%.

The Association has remained in a strong capital position and this capital strength allowed the Board at its meeting in June 2025 to approve a return of call, which amounted to £7.8m (2024 – £8.0m), the seventh successive year in which the return of call has been at this level. Returns of call amounting to approximately £68.0m have now been made to the membership over the course of the last nine financial years.

## STRATEGIC REPORT (continued)

At the renewal on 1 October 2024 there was an 'as expiry' renewal. However Members' commission income was higher compared with the previous policy year. This resulted in Calls and premiums being higher when compared with the previous year, up from £33.5m to £38.7m.

The return of call during the current financial year was made from two policy years as detailed in note 3 for Members of those policy years renewing in the 2025/26 policy year.

Reinsurance premiums paid by the Association were higher than the previous year, totalling £5.3m (2024 – £4.7m). This increase reflected the growth in Advance Call, to which reinsurance premiums are proportionate.

The number of claims notified to the Association in the 2024/25 policy year increased to 175 (from 166 in 2023/24, including 7 accepted after year-end), reflecting the growth in Members' Commission income.

Gross claims paid in the year were £3.0m (2024 – £6.7m) with reinsurance recoveries of £16k (2024 – £Nil). The provision for gross outstanding claims increased by £4.1m (2024 – negative £3.8m) partially offset by increase in reinsurers' share of gross outstanding claims of £0.7m (2024 – negative £0.3m). The increase reflects the growth in the Association which more than offset the prior year's improvement reflecting the prudent approach to reserving (in the previous Financial statements the reserve improvements offset claims arising from the new policy year). Whilst the specifics of the prudent approach has changed the principle has not and in the fullness of time prudence on the recent years is expected to be released. The claims position in older policy years showed an improvement of £8.9m (2024 – £11.3m). Overall, the level of claims incurred in the financial year was £6.5m (2024 – £3.1m).

Net operating expenses rose to £6.0m, compared to £5.5m in 2024. The balance on the technical account,

which represents the underwriting result, was a surplus of £21.2m compared with a surplus of £17.8m in the previous year.

The investment return (net of management expenses) for the year was £9.0m, compared to £11.6m in the prior year. More detailed commentary on the investment performance is set out in the Investment Strategy and Performance section below.

The Association's net surplus after tax for the financial year was £19.8m (2024 – surplus of £21.9m). Excluding Allocated Investment Return, the surplus in the underwriting has increased but the actual investment return has decreased by a higher amount so the overall surplus has decreased.

The value of the Association's investment portfolio increased by £20.1m (2024 – £22.0m) in the year, the result of the £9.2m gain (2024 – £12.0m gain), before investment management expenses and foreign exchange gains/losses, in the invested assets referred to above, and a £11.0m net transfer to (2024 – £10.0m transfer to) the portfolio. At 30 September 2025, the value of the portfolio stood at £169.7m (2024 – £149.6m). A detailed analysis of the investments held at the year-end is shown in note 9 to the financial statements.

The free reserves of the Association at 30 September 2025 totalled £134.8m (2024 – £114.9m). This is a strong free reserve position and reflects the Association's capital target, based on its economic capital benchmark (ECB).

### Investment Strategy and Performance

The Association's investment strategy is the responsibility of the Board, assisted by its investment managers, Schroders, and other external advisors. Detailed discussions are delegated to the Investment Strategy Group, which makes recommendations for the Board's approval.

The Association's investment strategy is long-term, recognising that it trades as a mutual and reflecting the long-tail nature of its liabilities. The strategy is twofold:

- The Association holds a portfolio of bonds and cash that matches, in terms of average duration and currency, the claims liabilities of the Association. This is known as the 'matching portfolio'; and

- The Association invests assets in excess of the matching portfolio in line with the Prudential Regulation Authority's (PRA) 'prudent person principle,' aiming to achieve the maximum return for a level of risk consistent with the Association's investment risk appetite. This is known as the 'growth portfolio'.

In the year ended 30 September 2025, the overall return on investments was 5.6%, equivalent to a gain of £9.0m (while the portfolio increased by £9.2m excluding investment management expenses and foreign exchange gains/losses), compared with a long-term rate of 4.6%. The best performing asset class was equity investments, which achieved a return of 13.0% before investment management expenses. All other investment classes also contributed positively to the overall return.

During the year the Association de-risked its investments to be within the Board's Investment Risk Appetite Statement. This resulted in divesting from a 'Diversified Growth Fund' (sale of equity and other investment amounting to £53.4m) and investing in a corporate bond fund resulting in realised investment gains (note 9).

### Key performance indicators

The key performance indicator used to manage the Association is the total capital available to meet both regulatory and internal capital requirements. This indicator offers a comprehensive view of the Association's financial position.

The total reserves of £134.8m (2024 – £114.9m) are more than sufficient to meet regulatory requirements and provide the resources needed to achieve the Association's strategic objectives, as outlined on page 1.



### Claims

In 2024/25 the number of notifications increased by 5% compared with the previous year. However, this increase in claims frequency is not considered significant in the context of the recent growth of the Association.

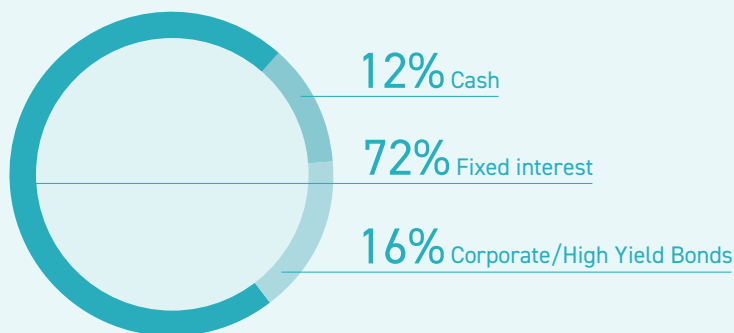
During the last financial year the Association has not made any significant claim payments, and the incurring of legal costs/fees continues to be closely controlled. Although the Association has achieved favourable outcomes that control claims severity, there is still volatility in the underlying notified claims.

### Risk Management of Members

Risk across the membership continues to be monitored through the Association's risk management programme. The principal focus of the programme is based on the regular reviews, with the scope of each individual review being agreed with the Member in advance to ensure that any particular areas of potential risk are considered. A risk-based approach is applied to the review timetabling, with consideration being given to the size and complexity of the Member and the business transacted, any issues raised by the claims handlers or risk managers, legal/regulatory focus or changes, Griffin Cell exposure and time elapsed since the previous review. A high level review of the Members Compliance function and the various policies and procedures in place can also be offered, as applicable. After each review, a report is produced and discussed with the Member at a summary meeting. Support is provided to assist Members in implementing any recommendations arising out of the review, frequently including training being given to staff as part of the follow-up. The file review work is carried out either in person or remotely, through a combination of video conferencing and remote access to Members' systems. Meetings are carried out in person, where possible.

The structure of files and the quality of electronic filing remains an important focus of the programme. The ability to follow an audit trail of the handling of a piece of business is essential to the successful defence of a professional indemnity claim.

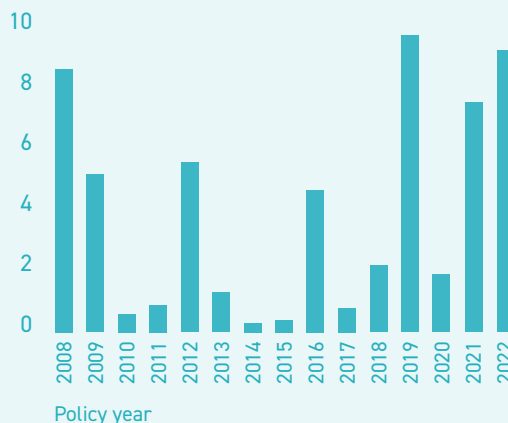
### Investment holdings at 30 September 2025



### The return on investments comprises:

|                                   | 2025<br>£        | 2024<br>£  |
|-----------------------------------|------------------|------------|
| Investment (loss)/income (note 6) | <b>9,072,591</b> | (154,533)  |
| Unrealised gain on investments    | <b>155,039</b>   | 11,959,892 |
| Investment management expenses    | <b>(247,890)</b> | (157,886)  |
| Total return on investments       | <b>8,979,740</b> | 11,647,473 |

### Net claims £m



## STRATEGIC REPORT (continued)

The Managers also continue to stress the importance to Members of peer review, and that diligent checking should eliminate many of the errors identified across the various documents reviewed during the risk management visits. The Managers have also continued to provide guidance on templates given to clients at the principal stages in the placement/underwriting process. This guidance includes the use of suitable disclosure and important provisions warnings, as well the inclusion of claims made warnings, and the perils of under insurance, as appropriate. The Managers had seen an increase in Members failing to identify and consequently manage potential conflicts of interest and, as a result, the risk management team are in the process of conducting a thematic review on the subject.

The Managers use a variety of tools to raise awareness of risk amongst the membership. External speakers are invited to present on topical issues at the quarterly Technical Forums. Recent subjects have included Credit and Political Risk Policies, Artificial Intelligence, Business Interruption Insurance and Reinsurance Risks. In addition, various presentations are available to the membership which can be tailored to reflect the particular training needs of individual Members. The Association's website has a Member portal which gives Members access to a range of resources. This includes the MGA and Broker Risk Management Guidelines which were updated in September 2025, and a number of regularly published bulletins on topical market, legal and regulatory issues. These resources are all produced in accordance with the Association's objective of developing risk awareness at all levels of the business.

### Rules of the Association

The Managers and the Board continue to review the cover provided by the Association to ensure that it meets the needs of the Members and responds to developments in the market, while remaining as broad as is sustainable in the long term.

A number of amendments effective 1 October 2025 were made to enhance clarity and operational flexibility, including revised wording for Supplementary Calls for EU Members, expanded adjudication provisions covering all disputes, and a provision permitting mid-term termination of cover in the event of a material change in risk.

### Market Conditions

The market in the professional indemnity sector has continued to soften, which has led to a reduction in the number of enquiries from firms wishing to discuss membership. Whilst there is no imperative for the Association to grow, its strategy is to promote sustainable growth by introducing new Members who by joining will benefit the mutual as a whole.

Two Members joined the Association during the 2024/25 policy year with a combined commission income of £9.8m. Three Members terminated membership following acquisition. Four Members did not renew for the 2025/26 policy year and existing Members reduced six Certificates of Entry into two. The Managers have continued to adopt robust due diligence reviews before any firm is put before the Board for approval to offer terms.

### Griffin Cell

The Griffin Cell continues to provide cover to Members' EU-based operations and the risks are reinsured by the Association under a 90% quota share for the first €5.5m (approximately £5.0m) of aggregate claims per Member, with the excess over this amount being reinsured on a 100% basis. The relationship with the cell host, Atlas Insurance Company PCC Limited, managed by SRS Europe Limited, continues to be positive with Cell Committee meetings held on a quarterly basis. Premium written and earned for the 2024/25 policy year by the Griffin Cell amounted to £6.0m (2024 – £5.0m).

### Principal Risks and Uncertainties

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. The Association is focussed on identification and management of potential risks. The key areas of risk to the Association are set out below:

- **Underwriting risk** – incorporating premium and reserving risk;
- **Market risk** – incorporating interest rate risk, equity risk, spread risk and currency risk;
- **Counterparty risk** – being the risk that a counterparty is unable to pay amounts in full when due;
- **Operational risk** – being the risk of failure of internal processes or controls.

The business risks and uncertainties are discussed further in note 11 to the financial statements.

### Future Development

Prudent financial management and the absence of pressure from any outside interests seeking a short-term return ensure that the Association has the financial security and sustainability that allow it to continue to deliver the support and protection sought by its Members. The Managers continue to welcome discussion with potential Member firms, but terms are not offered unless specific approval to do so has been obtained from the Board.

### Climate Change

While there may be an increase in weather or climate-related claims covered by insurance or reinsurance policies, the Association does not currently believe that climate change will lead to a material increase in negligence-related claims against insurance intermediaries. As such, the Association does not anticipate a significant increase in claims payments due to climate change. Currently, weather or climate-related risks within the investment portfolio are not considered significant, but they will be assessed in due course, with an appropriate monitoring strategy to be developed.



Tindall Riley & Co Limited have captured information on energy consumption and carbon emissions as part of their 2024 Financial Statements. Since the release of the 2024 Financial Statements TRC have relocated to a new office which will deliver significant energy savings.

### Statement of Compliance with Section 172(1) of the Companies Act 2006

Section 172(1) of the Companies Act 2006 requires the directors to promote the success of the Association for the benefit of the Members and other key stakeholders. In doing so, the directors must have regard to six areas:

- The likely consequences of any decision taken in the long term;
- The interests of employees, which in the case of the Association relate to those employed by the Association's Managers;
- The need to foster business relationships with suppliers, customers and others;
- The impact of the operations of the Association on the community and the environment;
- The desire to maintain a reputation for high standards of business conduct; and
- The need to act fairly between the Members of the Association.

The primary stakeholders are the Members whose professional indemnity insurance is provided by the Association. The Association's corporate governance structure includes a Committee, which has a representative from each Member firm, and which allows wider engagement with the membership on the impacts of the main decisions of the Board. While the Committee does not have decision-making authority, it provides an opportunity for Members to ask questions and exchange views with the Managers and the Board on matters related to the Association's operations and broader commercial interests.

At the Committee meeting in July 2025 the Managers provided a briefing on the key decisions that had been taken during the year, primarily in

relation to the Call setting for the policy year renewing on 1 October 2025. This included the decision of a General Rate Decrease of 10%.

Further engagement with the membership takes place through the technical forums and risk management of Members as described earlier in the Strategic Report.

The other principal stakeholders that have been identified by the Board are the Managers and their employees, who carry out all the day to day operational and management functions of the Association, and those others that provide services to the Association such as investment managers, professional advisers, the Association's reinsurers and its reinsurance broker.

The Association has built strong relationships with these stakeholders over the years and the mean length of the current membership of the Association is 9.6 years (2024 – 8.5 years). The Association saw remarkable growth in Membership since the renewal at 1 October 2019 with 41 current Members joining since that date which diluted the mean length of membership. 13 Members have been Members of the Association for at least 20 years, with 6 of them having been Members for over 30 years.

One of the Board's seven risk appetite statements relates to the long-term sustainability of the Association's business. All key decisions of the Board, such as those set out above, have regard to this principle such that 'short-termism' is avoided in favour of the long-term view. The Board also sets economic capital targets at very high levels of confidence with the aim of achieving long-term financial stability.

The relationship between the Association and the Managers, which dates back over 35 years, is symbiotic, in that the success of one is inextricably linked to the success of the other. Decisions taken by the Board that directly impact the

Managers, such as the amount of the management fee, take full account of this relationship, having regard to service levels and accountability.

The Board of the Association assesses the impact of its operations on the communities in which it operates and on the wider environment. It includes an assessment of the likely effects of political and climate change as part of the Own Risk and Solvency Assessment (ORSA) process. As a mutual insurance business, the fair treatment by the Association of its Members is a fundamental principle. It has in place a Standards of Business Conduct policy which sets out the regulatory conduct rules and covers additional areas such as the whistleblowing policy, how the Association manages conflicts of interest, its remuneration policy and its anti-bribery and corruption policy. The Association also has a Financial Crime policy.

The Association's reputation is central to its ability to conduct business, and it seeks to protect this reputation by adhering firmly to the principles of fairness and sound business conduct established by the Board.

The financial statements were authorised for issue by the Board on 18 December 2025.

**Mark Warren**  
Chair of the Association  
19 December 2025

## STATUTORY DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements for the year ended 30 September 2025.

The principal activity of the Association is the insurance of the professional indemnity risks of a select group of insurance intermediaries. The Strategic Report on the preceding pages provides a summary of the principal matters affecting the Association's business during the year.

The names of the directors are shown on page 36. At the Annual General Meeting on 4 July 2025, Gary Masters, Adam Stafford and Finlay Smith retired by rotation and were reappointed. Matthew Grover was appointed to the Association as the executive director of the Managers on 1 April 2025 following the resignation of Rhona Lewry effective 2 April. Ian Cooper was appointed to the Association Board with effect from 1 June 2025. Chet Shah resigned from the Board with effect from 2 October 2025.

The Board met four times during the year under review, in October, December, March and June. The list below details the more important matters considered at those meetings, many of which are discussed in the Strategic Report:

- Strategy and Emerging Risks
- Membership and Opportunities for Growth
- Investment Performance and Strategy
- Report and Financial Statements
- Call Rates
- Reinsurance Arrangements
- Claims and Claims Trends
- Risk Management of Members
- Risk and Compliance
- Corporate Governance
- Appointment and Retirement of Directors and Senior Managers
- Regulatory Capital Requirements
- Rules of the Association
- Managers' and Directors' Remuneration

### Financial Instruments

Information on the use of financial instruments by the Association and its management of financial risk is

disclosed in note 11 to the financial statements. The Association's exposure to cash flow risk is addressed under the headings of Credit risk, Liquidity risk and Market risk.

### Future Developments

Likely future developments of the Association are set out in the Strategic Report.

### Directors' Indemnity Insurance

The Association purchases directors' and officers' liability insurance in respect of all the Association's directors.

### Audit

The directors have delegated day to day responsibility for the maintenance of the Association's accounting records and the preparation of the financial statements to the Managers. They have confirmed that they have provided the auditor with all relevant audit information of which they are aware.

The Audit Group has considered the financial statements with the Managers, met privately with the auditor, and reported to the Board.

So far as each person who is a director at the time of this report is aware, there is no relevant audit information of which the Association's auditor is unaware. The directors confirm that they have taken all steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

Forvis Mazars LLP has expressed its willingness to be reappointed as auditor of the Association and, subject to no objections being received, will be deemed to be reappointed in accordance with Section 487 of the Companies Act 2006.

The directors confirm that, to the best of their knowledge, the Strategic Report on pages 1 to 6 includes a fair

review of the development and performance of the business and the position of the Association, together with a description of the principal risks and uncertainties that it faces. The Association has considerable financial resources and the directors believe that it is well placed to manage its business risks successfully.

### Energy and Carbon Reporting

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 require the Association to report publicly on its UK energy use and carbon emissions as the Association has annual turnover in excess of £36m and a statement of financial position balance in excess of £18m. However, as the entirety of the management of the business is outsourced and managed by Tindall Riley & Co Limited, the Association has no direct control over these costs.

Hence, effectively this would classify the Association as a 'low energy user' and therefore no disclosure have been made.

### Going Concern

The directors have a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements. Subsequent events have been considered and if required are disclosed in note 14.

### Subsequent events

There are no subsequent events which require adjustment or disclosure in the financial statements.

### By order of the Board

#### Matthew Tam

Secretary

19 December 2025

# AUDIT GROUP REPORT



I am pleased to present my first Audit Group Report since taking over as Chair of the Audit Group on 2 October 2025.

I would like to thank my predecessor, Chet Shah, for his hard work in being the Audit Group Chair since 1 January 2024. I was approached in early 2025 with a request to take over as Chair of the Audit Group upon Chet's retirement. This has allowed sufficient time for a good handover process.

### Composition of the Audit Group

The Audit Group has been established by the Board and consists entirely of independent non-executive directors shown in the table below. The Audit

Group invites the non-executive Chair of the Board, Executive Directors (including the Chief Executive), Chief Finance Officer, Chief Risk Officer, Head of Internal Audit, Chief Actuary,

and senior representatives of the external audit firm to attend its meetings, although it reserves the right to request any of these individuals to withdraw from any meeting.

| Member           | Appointment Date | Resignation Date | Attendance for the year |
|------------------|------------------|------------------|-------------------------|
| Chetan Shah      | 05/10/2017       | 02/10/2025       | 4 out of 5              |
| Duncan McKechnie | 05/10/2017       | N/A              | 4 out of 5              |
| Adam Stafford    | 27/05/2021       | N/A              | 4 out of 5              |
| Andrew Hedger    | 18/06/2024       | N/A              | 4 out of 5              |
| Rebecca Scott    | 27/03/2025       | N/A              | 1 out of 2              |

No member of the Audit Group has any connection with the Association's External Auditor, Forvis Mazars LLP.

### The Audit Group's Terms of Reference

The Audit Group is responsible to the Board for ensuring that the Association:

- Prepares financial statement and regulatory returns in accordance with appropriate financial reporting standards and regulatory requirements;
- Has an effective and efficient external audit service from a firm that is qualified, independent, and appropriately resourced; and
- Has an effective system of internal control, including an effective internal audit function and a compliance framework that monitors conformance with regulatory obligations.

The Audit Group's Terms of Reference are reviewed annually, and on 18 March 2025 the Audit Group approved changes to its Terms of Reference which clarified attendance and the content to be reviewed by the Group. It also included a section regarding the management of conflicts of interest.

### Activities of the Audit Group

#### Reports from the Chief Risk Officer and from the Head of Internal Audit

The Audit Group has four standard scheduled meetings each year and receives a report from the Chief Risk Officer and from the Head of Internal Audit at each meeting. Prior to each meeting, I also meet privately with the Chief Risk Officer and with the Head of Internal Audit to discuss their respective reports.

## AUDIT GROUP REPORT (continued)

Matters reported by the Chief Risk Officer and the Head of Internal Audit and discussed by the Audit Group during the year included:

| Meeting Date | Chief Risk Officer  | Head of Internal Audit   |
|--------------|---|--|
| 12/12/2024   | <ul style="list-style-type: none"> <li>Quarterly Compliance Dashboard: One Amber rating regarding Contract Certainty.</li> <li>PRA feedback on the ORSA.</li> <li>Update on Member complaint to FOS.</li> <li>Thematic reviews of Product Oversight &amp; Governance, Gifts &amp; Hospitality, and Conflicts of Interest were completed with no significant findings.</li> </ul>  | <ul style="list-style-type: none"> <li>Completed audits on Regulatory Compliance and IT General Controls Audits. There were one and five recommendations respectively.</li> <li>Fieldwork and planning underway for Underwriting, Actuarial and Data Governance audits.</li> <li>All previous open actions were now closed.</li> </ul> |
| 18/03/2025   | <ul style="list-style-type: none"> <li>Quarterly Compliance Dashboard: Green rated.</li> <li>The continued work on the Consumer Protection thematic review and a review on conducting business in overseas territories.</li> </ul>  | <ul style="list-style-type: none"> <li>Update on ongoing Audit work.</li> <li>A presentation on the new Global Internal Audit Standards.</li> </ul>  |
| 11/06/2025   | <ul style="list-style-type: none"> <li>Quarterly Compliance Dashboard: Green rated.</li> <li>The Compliance plan for 2025/26 was approved.</li> <li>Discussion on matters arising from proposed regulatory changes: Review of the UK's mutual insurance landscape; Solvent exit planning; and Critical third party management and operational resilience.</li> <li>Financial crime review was completed with no breaches identified.</li> </ul> | <ul style="list-style-type: none"> <li>Underwriting audit completed with three recommendations.</li> <li>Fieldwork and planning continues, including Operational Resilience (TR); Finance (TR); and Member Risk Management.</li> </ul>   |
| 23/09/2025   | <ul style="list-style-type: none"> <li>Quarterly Compliance Dashboard – Green rated.</li> <li>UK regulators issued consultation papers on SM&amp;CR and on Non-Financial Misconduct.</li> <li>Review of underwriting overseas risks completed; guidance document to be produced.</li> </ul>   | <ul style="list-style-type: none"> <li>Completed audits on the Member Risk Management audit and Data Governance. There were one and two recommendations respectively.</li> <li>A presentation on the 2025/26 Internal Audit Plan and Risk Assessment.</li> <li>Approval of the 2025/26 Internal Audit Plan.</li> </ul>                 |

### Other scheduled activities

In addition to the reports from the Chief Risk Officer and the Head of Internal Audit, the Audit Group also carried out the following scheduled activities during the year:

| Meeting Date | Activity  |
|--------------|---|
| 10/12/2024   | <ul style="list-style-type: none"> <li>Report of the Reserving Group</li> <li>Review of the draft report and financial statements for the year ended 30 September 2024.</li> <li>External Auditors' review report.</li> <li>Chief Actuary's report on Technical Provisions.</li> <li>Review of the draft Solvency and Financial Condition Report.</li> <li>Reappointment of External Auditors.</li> </ul> |
| 10/01/2025   | <ul style="list-style-type: none"> <li>Review of the draft report and financial statements for the year ended 30 September 2024.</li> </ul>   |
| 18/03/2025   | <ul style="list-style-type: none"> <li>Review of the Audit Group's Terms of Reference.</li> </ul>   |
| 11/06/2025   | <ul style="list-style-type: none"> <li>Update to the Association's Whistleblowing Policy.</li> <li>Review of the Whistleblowing Officer's report.</li> <li>Updated on Data Governance Framework.</li> </ul>   |
| 23/09/2025   | <ul style="list-style-type: none"> <li>Review of the Internal Audit Charter.</li> <li>External Auditors' Audit Strategy Memorandum.</li> </ul>  |



For the 30 September 2024 Financial Statements, due to discussions over the appropriate accounting policies and subsequent disclosures there was an additional meeting of the Audit Group in January 2025 to provide approval for the Financial Statements.

#### External Audit

To fulfil its responsibility regarding the independence of the External Auditors, the Audit Group reviewed a report from the External Auditors describing the arrangements that are in place to identify, report and manage any conflicts of interest and to maintain their independence.

At its meeting on 23 September 2025, the Audit Group discussed Forvis Mazars LLP's proposed fee estimate for their audit of the annual report and financial statements for the year ended 30 September 2025. The Audit Group is mindful that the right balance needs to be struck between obtaining value for money for the Association and ensuring that the fee is appropriate to enable an effective and high quality audit. The Audit Group recommended that the Board approve the proposed audit fee. Forvis Mazars LLP does not perform any non-audit work for the Association.

#### Conclusion

As a result of its work during the year, the Audit Group has concluded that it has acted in accordance with its Terms of Reference.

At its meeting held on 9 December 2025, the Audit Group considered the draft report and financial statements for the year ended 30 September 2025 as proposed by the Managers. The Audit Group reached a conclusion to recommend to the Board that the draft report and financial statements for the year ended 30 September 2025 be approved.

As the Chair of the Audit Group, I will continue, where appropriate, to be available to engage with members on significant matters related to the Audit Group's areas of responsibility and to answer any members' questions about the work of the Audit Group.

#### Approval

This Report was reviewed and approved by the Audit Group and signed on its behalf by:

**Andrew Hedger**  
Chair of the Audit Group  
19 December 2025



## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Statutory Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 *'The Financial Reporting Standard applicable in the UK and Republic of Ireland'* and FRS 103 *'Insurance Contracts'*. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



# INDEPENDENT AUDITORS' REPORT

To the Members of the Griffin Insurance Association Limited



We have audited the financial statements of The Griffin Insurance Association Limited (the 'Association') for the year ended 30 September 2025 which comprise the Income and Expenditure Account, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and FRS 103 'Insurance Contracts' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 30 September 2025 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our audit procedures to evaluate the directors' assessment of the Association's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the Association's ability to continue as a going concern;
- Obtaining and reviewing a copy of the Association's Own Risk and Solvency Assessment report ('ORSA') covering the period up to September 2028 to identify any risks which need to be considered in our risk assessment;
- Considering the directors' assessment of the regulatory solvency coverage and liquidity position in the forward looking scenarios, which have been derived from the Association's ORSA;
- Obtaining and evaluating directors' going concern assessment which included obtaining a cash flow forecast for the Association, which extends at least 12 months from the date of approval of the financial statements, and performing independent stress testing;
- Evaluating the appropriateness of the directors' key assumptions in their cash flow forecasts;
- Assessing the historical accuracy of the cash flow forecasts prepared by the directors;

- Challenging the key assumptions used and judgements applied by the directors in forming their conclusions on going concern; and
- Evaluating the appropriateness of the directors' disclosures in the financial statements on going concern.

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

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

## Key audit matters

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

## INDEPENDENT AUDITORS' REPORT (continued)

To the Members of the Griffin Insurance Association Limited

We summarise below the key audit matter in forming our opinion above, together with an overview of the principal audit procedures performed to address the matter and our key observations arising from those procedures.

This matter, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

### Key Audit Matter

#### Valuation of Technical Provisions, specifically the valuation of the provision for Incurred But Not Enough Reported reserves ('IBNER')

##### Technical provisions – gross outstanding claims (2025 – £40,336,589 (2024 – £36,190,469))

Refer to Note 2 'Accounting policies – Claims Outstanding' and 'Critical Accounting Judgements and Estimation Uncertainty', Note 4 'Technical Provisions' and Note 11.1.

Professional indemnity insurance is inherently more uncertain than other classes of business due to the variety of claim events that can arise. For the Association these are often complex claims with a long settlement period. The long-tail claims settlement pattern and volatile nature of the Association's claims experience make it more difficult to predict, with accuracy, the estimated ultimate claims costs.

The Association underwrites professional indemnity insurance on a 'claims made' basis and recognises technical provisions made up of case reserves, a provision for IBNER claims (which includes a management derived margin) and an allowance for future claims handling costs.

The valuation of technical provisions is an area of management judgement and source of material estimation uncertainty. The provision for IBNER is the most subjective element of the technical provision balance. The IBNER is based on the estimate of the ultimate cost to settle all claims. The management margin element is set based on aligning the IBNER to a preset percentile with specific allowance for larger claims.

Given the level of subjectivity and judgement, there is a risk that inaccurate reserve projections are made, and we therefore identified the valuation of technical provisions specially the valuation of the provision for IBNER as a significant risk and a key audit matter.

### How our scope addressed this matter

With the support of our actuarial specialists, we performed the following audit procedures:

- We gained an understanding of the reserving process used by the actuaries of the Association and of the related controls;
- We evaluated the design and implementation of controls relevant to the reserving process;
- We reviewed the Association's Reserving Paper produced by the Association's internal actuarial team as at 30 September 2025 as part of our risk assessment processes, to inform our understanding of the Association's reserving process and methodology, and to assess internal consistency with other information we receive;
- We challenged the appropriateness of the actuarial methodologies and assumptions used by performed our own independent projections, comparing our independent best estimate reserve projections to that derived by the Association's internal actuarial team and investigated material variances;
- We reviewed the accuracy of claims estimates made in prior years vs. actual development to assess the level of historical accuracy of IBNER;
- We evaluated the appropriateness of the margin added to the actuarial best estimate by considering the approach taken by the Association, benchmarked the margin against margins held by other non-life insurers holding similar liabilities; and;
- We assessed and challenged the directors' decisions to make any specific IBNER adjustments.

We performed the procedures described above instead of relying on the Association's controls, as the nature of the balance is such that evidence is best obtained through substantive procedures.

#### Our observations:

Based on the audit work performed, the Valuation of Technical Provisions, specifically the valuation of the provision for Incurred But Not Enough Reported reserves is considered fairly stated and supported by the evidence obtained.



### Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

#### Overall materiality

£2,695,000 (2024 – £3,447,817)

#### How we determined it

2% (2024 – 3%) of the Association's capital and reserves

#### Rationale for benchmark applied

In determining our materiality, we considered financial metrics which we believed to be relevant and concluded that capital and reserves was the most relevant benchmark as the purpose of the Association is to provide cover for Members whilst holding sufficient reserves and this benchmark best represents the financial stability and solvency of the Association.

#### Performance materiality

Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole.

We set performance materiality at £1,886,000 (2024 – £2,413,472), which represents 70% (2024 – 70%) of overall materiality.

We applied this percentage in our determination of performance materiality as we did not identify any significant factors indicating an elevated level of risk.

#### Reporting threshold

We agreed with The Audit Group, as the appropriate subcommittee charged with governance by the Board of Directors, that we would report to them any identified corrected or uncorrected misstatements identified during our audit above 3% of overall materiality (2024 – 3%) which equates to £81,000 (2024 – £103,435) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements, such as assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the Association, its environment, controls, and critical business processes, to consider qualitative factors to obtain sufficient coverage across all financial statement line items.

#### Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

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

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

### Matters on which we are required to report by exception

In light of the knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Statutory Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Association, or returns adequate for our audit have not been received from branches not visited by us; or
- the Association's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 directors are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

## INDEPENDENT AUDITORS' REPORT (continued)

To the Members of the Griffin Insurance Association Limited

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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Association and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: the regulatory requirements of the Prudential Regulation Authority (the 'PRA') and the Financial Conduct Authority (the 'FCA').

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Gaining an understanding of the legal and regulatory framework applicable to the Association and the industry in which it operates, and considering the risk of acts by the Association which were contrary to the applicable laws and regulations, including fraud;
- Inquiring of the directors, management and Internal Audit as to whether the Association is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence with relevant licensing or regulatory authorities including the PRA and the FCA;
- Reviewing minutes of directors' meetings in the year and up to the date of signing the audit report; and
- Discussing amongst the engagement team the laws and regulations listed above, and remaining alert to any indications of non-compliance.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as UK tax legislation, and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the valuation of technical provisions (specifically IBNER), and significant one-off or unusual transactions.

Our procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
  - Gaining an understanding of the internal controls established to mitigate risks related to fraud;
  - Discussing amongst the engagement team the risks of fraud;
  - Addressing the risks of fraud through management override of controls by performing journal entry testing;
  - Critically assessing accounting estimates included in the financial statements for evidence of management bias; and
  - Considering significant transactions outside the normal course of business.
- Our approach included reviewing Board minutes, review of correspondence with the PRA and FCA and substantively testing the transactions and related disclosures where considered material.

The primary responsibility for the prevention and detection of irregularities, including fraud, rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the 'Key audit matters' section of this report.

A further description of our responsibilities is available on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Other matters which we are required to address

We were appointed by ordinary resolution at the Association's Annual General Meeting on 5 July 2018 to audit the financial statements for the year ending 30 September 2018 and subsequent financial periods. The period of total uninterrupted engagement is eight years, covering the years ending 30 September 2018 to 30 September 2025.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Association and we remain independent of the Association in conducting our audit.

Our audit opinion is consistent with our additional report to The Audit Group.

### Use of the audit report

This report is made solely to the Association's Members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Association's Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's Members as a body for our audit work, for this report, or for the opinions we have formed.

**Andrew Jones**  
(Senior Statutory Auditor)  
for and on behalf of Forvis Mazars LLP  
Chartered Accountants and  
Statutory Auditor

30 Old Bailey  
London  
EC4M 7AU  
19 December 2025

# INCOME AND EXPENDITURE ACCOUNT

for the year ended 30 September 2025



| <b>Technical Account – General Business</b>                                       | Note | 2025<br>£          | 2024<br>£   |
|---|------|--------------------|-------------|
| <b>Earned premiums, net of reinsurance</b>  |      |                    |             |
| Calls   | 3    | 33,531,347         | 28,996,574  |
| Inward reinsurance premiums   | 3    | 5,137,543          | 4,553,153   |
| Returns of call   | 3    | (7,829,410)        | (8,027,082) |
| Earned premiums   |      | 30,839,480         | 25,522,645  |
| Reinsurance premiums  |      | (5,297,314)        | (4,687,411) |
|   |      | <b>25,542,166</b>  | 20,835,234  |
| Allocated investment return transferred from the non-technical account            |      | <b>8,055,917</b>   | 5,599,351   |
|   |      | <b>33,598,083</b>  | 26,434,585  |
| <b>Claims paid</b>  |      |                    |             |
| Gross amount  |      | (3,027,174)        | (6,711,260) |
| Reinsurers' share   |      | 15,737             | -           |
|   | 4    | <b>(3,011,437)</b> | (6,711,260) |
| <b>Change in the provision for claims</b>   |      |                    |             |
| Gross amount  |      | (4,146,120)        | 3,836,952   |
| Reinsurers' share   |      | 662,225            | (274,500)   |
|   | 4    | <b>(3,483,895)</b> | 3,562,452   |
| <b>Claims incurred net of reinsurance</b>   |      | <b>(6,495,332)</b> | (3,148,808) |
| Net operating expenses  | 5    | <b>(5,939,058)</b> | (5,515,324) |
| <b>Balance on the technical account</b>   |      | <b>21,163,694</b>  | 17,770,453  |
| <b>Non-technical account</b>  |      |                    |             |
| Balance on the technical account  |      | <b>21,163,694</b>  | 17,770,453  |
| Investment income/(loss)  | 6    | <b>9,072,591</b>   | (154,533)   |
| Investment expenses   |      | <b>(247,890)</b>   | (157,886)   |
| Unrealised gain on investments  | 9    | <b>155,039</b>     | 11,959,892  |
| Allocated investment return transferred to the general business technical account | 7    | <b>(8,055,917)</b> | (5,599,351) |
| <b>Net surplus before taxation</b>  |      | <b>22,087,517</b>  | 23,818,575  |
| Taxation  | 8    | <b>(2,246,795)</b> | (1,910,497) |
| <b>Net surplus and total comprehensive income after taxation</b>                  |      | <b>19,840,722</b>  | 21,908,078  |

There are no other items of comprehensive income, so no Statement of Other Comprehensive Income has been prepared. All amounts are derived from continuing operations.

The notes on pages 19 to 35 form part of these financial statements.

# STATEMENT OF FINANCIAL POSITION

as at 30 September 2025

| <b>Assets</b>                                    | Note | 2025<br>£          | 2024<br>£   |
|--|------|--------------------|-------------|
| <b>Investment in associate</b>                   | 10   | <b>3,411,027</b>   | 3,411,027   |
| <b>Financial investments</b>                     | 9    | <b>169,710,185</b> | 149,572,161 |
| <b>Reinsurers' share of technical provisions</b> |      |                    |             |
| Claims outstanding                               | 4    | <b>724,725</b>     | 62,500      |
| <b>Debtors</b>                                   |      |                    |             |
| Direct insurance operations – Members            |      | <b>2,297,494</b>   | 186,608     |
| Reinsurance operations                           |      | <b>126,869</b>     | 101,061     |
| Prepayments                                      |      | <b>7,655</b>       | 6,994       |
| Other debtors                                    |      | <b>796,158</b>     | 1,129,422   |
| <b>Cash at bank and in hand</b>                  |      | <b>10,756,152</b>  | 8,632,490   |
|  |      | <b>187,830,265</b> | 163,102,263 |
| <b>Equity and Liabilities</b>                    |      |                    |             |
| <b>Capital and reserves</b>                      |      |                    |             |
| Investment reserve                               |      | <b>12,823,452</b>  | 12,130,776  |
| General reserve                                  |      | <b>25,000,000</b>  | 25,000,000  |
| Reinsurance and Technical reserve                |      | <b>10,000,000</b>  | 10,000,000  |
| Income and Expenditure Account                   |      | <b>86,944,496</b>  | 67,796,450  |
|  |      | <b>134,767,948</b> | 114,927,226 |
| <b>Technical provisions</b>                      |      |                    |             |
| Gross outstanding claims                         | 4    | <b>40,336,589</b>  | 36,190,469  |
| <b>Creditors</b>                                 |      |                    |             |
| Direct insurance operations – Members            |      | <b>10,264,836</b>  | 10,278,795  |
| Taxation   |      | <b>2,180,412</b>   | 1,446,103   |
| Accrued creditors and deferred income            |      | <b>111,658</b>     | 108,324     |
| Other creditors                                  |      | <b>168,821</b>     | 151,346     |
|  |      | <b>53,062,316</b>  | 48,175,037  |
|  |      | <b>187,830,265</b> | 163,102,263 |

Approved by the Board on 18 December 2025

**Mark Warren** Director

**Julian McGuiggan** Director

The notes on pages 19 to 35 form part of these financial statements.

Companies House Number 2134231

## STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2025



|                                | Investment<br>reserve<br>£ | General<br>reserve<br>£ | Reinsurance and<br>technical reserve<br>£ | Income and<br>expenditure<br>£ | Total<br>£         |
|--------------------------------|----------------------------|-------------------------|---|--------------------------------|--------------------|
| <b>At 30 September 2023</b>    | <b>6,922,983</b>           | <b>25,000,000</b>       | <b>10,000,000</b>                         | <b>51,096,165</b>              | <b>93,019,148</b>  |
| Surplus for the financial year | -                          | -                       | -   | 21,908,078                     | 21,908,078         |
| Transfer to investment reserve | 5,207,793                  | -                       | -   | (5,207,793)                    | -                  |
| <b>At 30 September 2024</b>    | <b>12,130,776</b>          | <b>25,000,000</b>       | <b>10,000,000</b>                         | <b>67,796,450</b>              | <b>114,927,226</b> |
| Surplus for the financial year | -                          | -                       | -   | 19,840,722                     | 19,840,722         |
| Transfer to investment reserve | 692,676                    | -                       | -   | (692,676)                      | -                  |
| <b>At 30 September 2025</b>    | <b>12,823,452</b>          | <b>25,000,000</b>       | <b>10,000,000</b>                         | <b>86,944,496</b>              | <b>134,767,948</b> |

The Association is incorporated as a company limited by guarantee and does not therefore have share capital.

The Investment Reserve comprises the cumulative net transfers from the Income and Expenditure Account equivalent to the net unallocated return on the Association's investment portfolio.

The General Reserve has been established in accordance with Rule 26 of the Association to provide for any unforeseen contingencies, claims, expenses, losses or other outgoings of the Association. Transfers to this reserve are considered upon closure of each policy year. To date the 1987/88 to 2015/16 policy years have been closed.

The Reinsurance and Technical Reserve is limited to £10.0m and is funded by transfers from the Association's Income and Expenditure Account. The transfer is made from current surpluses in open years, apportioned between those years according to their level of surplus and the transfers are adjusted annually to keep the reserve at £10.0m but to ensure that each policy year's transfer is reflective of its current surplus. The reserve is aimed primarily at providing the Association with the means to preserve stability in the cost of insurance to Members in the event that the costs of reinsurance increase; it will allow the Association to respond to any such increase in a number of ways, including increasing its retention, participating as a co-reinsurer, or contributing to the cost. However, should the Association consider it appropriate, the reserve may also be used for other purposes.

The notes on pages 19 to 35 form part of these financial statements.

# STATEMENT OF CASH FLOWS

for the year ended 30 September 2025

|  | Note | 2025<br>£           | 2024<br>£           |
|--|------|---------------------|---------------------|
| <b>Cash flows from operating activities</b>                      |      |                     |                     |
| Net surplus before taxation                                      |      | 22,087,517          | 23,818,575          |
| Adjustments for:   |      |                     |                     |
| Change in provisions for claims                                  |      | 3,483,895           | (3,562,452)         |
| (Increase) in insurance and other debtors                        |      | (1,804,091)         | (1,235,770)         |
| Increase in insurance and other creditors                        |      | 22,643              | 1,486,524           |
| Investment (income)/loss (net of expenses)                       |      | (8,824,702)         | 312,419             |
| Unrealised gain on investments                                   | 9    | (155,039)           | (11,959,892)        |
| Cash from operations   |      | 14,810,223          | 8,859,404           |
| Income taxes (paid)/received                                     |      | (1,512,486)         | 666,552             |
| <b>Net cash generated from operating activities</b>              |      | <b>13,297,737</b>   | <b>9,525,956</b>    |
| <b>Cash flows from investing activities</b>                      |      |                     |                     |
| Purchase of equity shares  | 9    | (5,233,039)         | (8,636,824)         |
| Purchase of fixed interest investments                           | 9    | (61,103,024)        | (16,406,089)        |
| Sale of equity shares  | 9    | 53,386,357          | -                   |
| Sale of fixed interest investments                               | 9    | 420,466             | 11,633,525          |
| Net change to deposits with credit institutions                  | 9    | 851                 | 3,358,334           |
| Income from bank and other cash                                  |      | 1,549,466           | 73,066              |
| Investment management expenses paid                              |      | (263,682)           | (119,273)           |
| Exchange (loss) on revaluation of investments when realised      |      | -                   | (111,704)           |
| <b>Net cash from investing activities</b>                        |      | <b>(11,242,605)</b> | <b>(10,208,965)</b> |
| <b>Net increase/(decrease) in cash at bank and in hand</b>       |      | <b>2,055,132</b>    | <b>(683,009)</b>    |
| Cash at bank and in hand at the beginning of the financial year  |      | 8,632,492           | 9,439,642           |
| Effect of foreign exchange rate changes                          |      | 68,528              | (124,143)           |
| <b>Cash at bank and in hand at the end of the financial year</b> |      | <b>10,756,152</b>   | <b>8,632,490</b>    |

The notes on pages 19 to 35 form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

30 September 2025



## 1 General information

The Griffin Insurance Association Limited is a company incorporated in England and Wales authorised by the PRA and regulated by the PRA and the FCA to carry out non-life insurance business. The address of the registered office is given on page 36. The nature of the Association's operations and its principal activities are set out in the Strategic Report on pages 1 to 6.

These financial statements represent the results of the Association and the Association is not part of a Group.

## 2 Accounting policies

### Basis of Accounting

These financial statements have been prepared under the historical cost convention as modified to include investments at market value, in compliance with Schedule 3 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) (Regulations) made under the Companies Act 2006 and in accordance with applicable accounting standards in the UK including Financial Reporting Standard 102, *'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland'* (FRS 102). In accordance with Financial Reporting Standard 103, *'Insurance Contracts'* (FRS 103), the Association has applied accounting policies for insurance contracts. The Regulations require the use of the term 'Profit and Loss Account' as a heading. The Statutory 'Profit and Loss Account' is replaced by an 'Income and Expenditure Account' in these financial statements, consistent with the mutual status of the Association.

### Going Concern

In accordance with the requirements of FRS 102, the Board of Directors has assessed the Association's ability to continue as a going concern. The Association's financial position, its cash flows and liquidity position all form part of these financial statements. Principal risks and uncertainties are set out in Note 11 to the Financial Statements and include reference to the Group's objectives for managing capital in line with its financial risks as set out in its Solvency and Financial Condition Report (SFCR).

The Association's most recent ORSA is in the process of being finalised. An important component of the ORSA process is an assessment of the Association's projected future Solvency Capital Requirement (SCR) and its projected own funds available to meet its SCR. These forward-looking assessments project the Association managing its risks successfully and maintaining sufficient financial resources to meet its SCR over the period assessed. The Association has adequate resources to continue in operational existence for the foreseeable future which includes the renewing 2025/26 policy year and the business planning horizon included in the ORSA covering a further two years to 30 September 2028 which included the impact of stress scenarios and reverse stress tests. This provided the directors with comfort that the Association will continue to meet its strategic objectives and all capital requirements over the planning horizon. They therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### Statement of Compliance

These financial statements have been prepared in compliance with United Kingdom Accounting Standards, including FRS 102 and FRS 103, and the Companies Act 2006.

### Calls and reinsurance premiums

Calls and inwards reinsurance premiums are credited to the Income and Expenditure Account as and when charged to Members. Since all policies are coterminous with the Association's financial year, there are no unearned calls or inwards reinsurance premiums at the year-end date.

Returns of call are accounted for when approved by the directors, but credited to the Members' account on renewal at the start of the new policy year on 1 October. Returns of call are made where a policy year is in surplus and of sufficient maturity. Returns of call are calculated in proportion to the Calls and inward reinsurance premiums that Members originally paid in the policy year from which the return is to be made and are paid based on that proportion.

Outward reinsurance premiums are accounted for in the same period as Calls and inwards reinsurance premiums for the related insurance.

### Claims and reinsurance recoveries

Claims incurred include all claims and claims settlement expense payments made during the year and the movement in the provision for outstanding claims.

Reinsurance recoveries and reinstatement premiums are accrued to match the relevant claim amounts that have been charged to the Income and Expenditure Account.

# NOTES TO THE FINANCIAL STATEMENTS

30 September 2025

## 2 Accounting policies (continued)

### Rates of exchange

The functional and presentational currency is Sterling. In preparing the financial statements, transactions in currencies other than the Association's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the date of the transaction. All assets and liabilities, excluding the investment in the associate, denominated in currencies other than Sterling are monetary items and translated into Sterling at the rates of exchange ruling at the Statement of Financial Position date. In accordance with FRS 103 para 2.26, the Association treats all assets and liabilities arising from an insurance contract as monetary items. The investment in the associate is a non-monetary item and was translated into Sterling at the date of acquisition and is not revalued annually. Exchange differences are recognised in the Income and Expenditure Account in the period in which they arise.

### Investment income

Investment income includes interest and dividends receivable for the year. Dividend income is recognised when the right to receive payment is established.

Net gains or losses on the disposal of investments (representing the difference between net proceeds and purchase cost, as adjusted for the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investments disposed in the current period) are credited or charged to the Income and Expenditure Account as and when realised. Unrealised gains and losses represent the difference between the fair value of investments at the Statement of Financial Position date and their purchase price or previous valuation. Unrealised gains and losses are recognised in the Income and Expenditure Account.

The transfer to/from the investment reserve represents the difference (net of tax) between the actual investment income for the year and the investment return allocated to the Technical Account - General Business.

### Allocation of investment return

An allocation is made from the non-technical account to the Technical Account - General Business in respect of the longer-term investment return on the total investment portfolio, since these investments relate wholly to the technical provisions and Members' funds held for mutually insured risks.

### Claims outstanding

The Association underwrites professional liability risks on a 'claims made' basis. The provision for claims outstanding in the financial statements comprises the directors' estimate of the ultimate outcome of all reported claims based on current information, plus their forecast of the ultimate cost of claims incurred but not enough reported (IBNER) and a margin of prudence. The provision also includes an allowance for future claims handling costs.

The Association reserves individual claims notified on a 'worst likely outcome' basis. Estimates for the cost of claims are made by legally experienced claims handlers who base their estimates on the information available about the individual claim and experience of similar cases.

The IBNER provision for claims within the Association's retention is determined by the directors based on a preset percentile with specific allowance for large claims. For the margin set with respect to a percentile, standard actuarial projection techniques are used supported by stochastic modelling. The model uses historical information on claims development, adjusted for inflation and other variables, to project the ultimate cost of claims. The margin for large claims uses expert opinion from the Claims handlers.

The provision for outstanding claims is based on information available at the Statement of Financial Position date. The majority of claims are settled only after extensive investigation and negotiation, which can take a number of years to complete. Accordingly, the ultimate cost of such claims cannot be known with certainty at the Statement of Financial Position date. Subsequent information and events may result in the ultimate liability being greater or less than the amount provided. Any differences between provisions and subsequent settlements are dealt with in the Technical Account - General Business in later years. The provision for outstanding claims is not discounted for time.

### Financial instruments

The Association has chosen to adopt the provisions of Sections 11 and 12 of FRS 102 in respect of financial instruments.

### Financial assets

Basic financial assets, including debtors and cash and bank balances are initially recognised at transaction price. Such assets are subsequently carried at amortised cost using the effective interest method.



## 2 Accounting policies (continued)

Financial investments, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. These assets are subsequently carried at fair value and the changes in fair value are recognised in the Income and Expenditure Account.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

### Financial liabilities

Basic financial liabilities, creditors, are initially recognised at transaction price.

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

### Acquisition costs

Acquisition costs represent underwriting management costs, costs associated with renewal of existing Members, negotiation with potential Members, the processing of documentation, the renewal of the Association's reinsurance programme and ceding commission on the inward reinsurance premiums. As Calls and premiums are fully earned in the year, acquisition costs are debited to the Income and Expenditure Account and not deferred.

### Investment in associate

Investment in associate is held at cost less accumulated impairment losses, which is assessed at the end of each reporting period.

### Taxation (current and deferred)

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Income and Expenditure Account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively. Current or deferred taxation assets and liabilities are not discounted.

### Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

### Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference, and are not discounted.

# NOTES TO THE FINANCIAL STATEMENTS

30 September 2025

## 2 Accounting policies (continued)

### Critical accounting judgements and estimation uncertainty

In preparing these financial statements, the Association is required to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenditure. Estimates and associated assumptions are based on historical experience and other factors that are considered reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

In applying the Association's accounting policies, the directors have made the following judgement that has a significant effect on the amounts recognised in the financial statements.

### Accounting for the Griffin Cell

In applying the Association's accounting policies, the directors have exercised judgement in determining whether the Griffin Cell should be consolidated in accordance with FRS 102 Section 9.

The Association assessed whether it controls the Griffin Cell, with control defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The Association is the sole shareholder of the Griffin Cell, provides its capital and solvency support, bears the risks of the Cell's activities and is entitled to the economic benefits arising from those activities. Atlas Insurance PCC Limited ('Atlas') acts as the legal and regulatory host and does not participate in the Cell's economic returns.

However, the Cell Committee, which is responsible for key financial and operational matters, is appointed by and answerable to the Atlas board. Atlas appoints the chair, nominates at least half of the Committee members and holds a casting vote.

On this basis, the directors concluded that while the Association derives the economic benefits of the Griffin Cell and exercises significant influence, it does not have unilateral power to govern the Cell's financial and operating policies. Accordingly, the Griffin Cell is not consolidated and is accounted for as an associate in accordance with FRS 102 (see notes 10 and 12).

### Technical provisions – gross outstanding claims incurred but not enough reported ('IBNER')

The estimation of the ultimate liability arising from claims made under insurance contracts is the Association's most critical accounting estimate.

There are several sources of uncertainty inherent in estimating the amount that the Association will ultimately pay in respect of such claims. Estimates are made of the expected ultimate cost of claims at the end of the reporting period and these amounts may differ significantly from the amounts ultimately settled in future accounting periods.

The estimate of claims incurred but not enough reported ('IBNER') is generally subject to a greater degree of uncertainty than that for reported claims, as less information is available about the eventual outcome of claims at an early stage. In calculating the estimated liability, the Association uses a range of estimation techniques based on actuarial analyses of historical claims experience, which assume that past claims development patterns can be used to project future developments.

Estimates and judgements are reviewed regularly and updated based on historical experience and other relevant factors, including expectations of future events that are considered reasonable in the circumstances. Large claims are generally assessed separately, with input from experienced claims handlers. Actual claims experience may differ from the assumptions used in determining the provisions. Any differences between estimated and actual outcomes are recognised in the financial statements in the period in which they arise. Further information on claims provisions and insurance risk is provided in notes 4 and 11.1.

The gross IBNER held at 30 September 2025 was £18.0m (2024 – £23.2m). The Association carries out sensitivity testing on its claims reserves to assess the impact of changes in claims incurred on surplus before tax and equity, gross and net of reinsurance, excluding the impact of returns of call. Further information on the claims sensitivity testing and its impact is provided in note 11.1.



|                                 | 2025<br>£          | 2024<br>£   |
|---------------------------------|--------------------|-------------|
| <b>3 Net calls and premiums</b> |                    |             |
| Advance calls and premiums      | <b>33,531,347</b>  | 28,996,574  |
| Inward reinsurance premiums     | <b>5,137,543</b>   | 4,553,153   |
|                                 | <b>38,668,891</b>  | 33,549,727  |
| Returns of call – 2016/17       | <b>(625,091)</b>   | -           |
| Returns of call – 2015/16       | <b>(7,287,453)</b> | (3,585,615) |
| Returns of call – 2014/15       | <b>43,168</b>      | (2,377,756) |
| Returns of call – 2013/14       | <b>39,966</b>      | (2,063,711) |
|                                 | <b>(7,829,410)</b> | (8,027,082) |

#### Policy year accounting

The Association's business is accounted for on an annual basis. For the purposes of reporting to mutual Members, all transactions, including Calls, reinsurance premiums payable, claims and reinsurance recoveries are allocated to the policy year to which they relate. In the case of claims and reinsurance recoveries, the appropriate year is decided by the date on which the notification (of either a claim or a circumstance) is made to the Association. Other income and expenditure is allocated to the current policy year.

Members remain liable for their rateable proportions of any excess of claims and expenses over income for any open policy year and may, at the discretion of the directors, have returned to them any balance not retained and applied for the purposes of the Association. Underwriting years are closed only when the directors are satisfied that the information on claims payable is sufficiently reliable to enable the outcome of that year to be determined with reasonable accuracy.

The Income and Expenditure Account presents the aggregate of changes during the financial year on all policy years, both open and closed.

|  | 2025<br>£          | 2024<br>£    |
|--|--------------------|--------------|
| <b>4 Technical provisions</b>                  |                    |              |
| <b>Net claims movement</b>                     |                    |              |
| Net provision at beginning of year             | <b>36,127,969</b>  | 39,690,421   |
| Net current year provision                     | <b>13,674,891</b>  | 12,864,033   |
| Net claims paid in year                        | <b>(3,027,174)</b> | (6,711,260)  |
| Movement in prior years' net claims provisions | <b>(8,864,689)</b> | (11,261,375) |
| Claims expenses                                | <b>1,700,868</b>   | 1,546,150    |
|  | <b>39,611,864</b>  | 36,127,969   |

Exchange rate adjusted triangles are used for the projections. The adjusted triangles were calculated by converting the underlying currency amounts into GBP at 30 September 2025 exchange rates rather than the historic rates in force at the time of payments or when the claims handler set the outstanding reserve. As at 30 September 2025 78% of the claims outstanding estimates are in GBP, compared with 52% as at 30 September 2024.

#### Movement in prior years' claims provisions

Included within the net change in provision for claims is a credit of £8,864,689 (2024 – credit £11,261,375) relating to prior years made up as follows:

|   | 2025<br>£           | 2024<br>£    |
|---|---------------------|--------------|
| Net provision at beginning of year  | <b>36,127,969</b>   | 39,690,421   |
| Net payments during the year in respect of these provisions                                     | <b>(1,148,574)</b>  | (5,019,141)  |
| Net provision carried forward in respect of claims provided for at the end of the previous year | <b>(26,114,706)</b> | (23,409,905) |
| Favourable/(adverse) movement in prior years' net claims  | <b>8,864,689</b>    | 11,261,375   |

# NOTES TO THE FINANCIAL STATEMENTS

30 September 2025

## Claims development tables

The claims development tables provide a measure of how the Association's estimate of the ultimate value of claims changes with the growth in knowledge about reported claims. The top half of each table below illustrates how the Association's estimate of ultimate claims cost for each policy year has changed at successive year ends. The bottom half of each table reconciles the cumulative claims to the amount appearing in the Statement of Financial Position.

### Insurance claims – gross

Estimate of ultimate cost attributable to the policy year.

| Reporting year   | 2015/16<br>£ | 2016/17<br>£ | 2017/18<br>£ | 2018/19<br>£ | 2019/20<br>£ | 2020/21<br>£ | 2021/22<br>£ | 2022/23<br>£ | 2023/24<br>£ | 2024/25<br>£      |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------|
| End of reporting year  | 11,595,000   | 10,100,000   | 9,540,711    | 8,830,000    | 11,046,000   | 11,200,000   | 31,670,000   | 29,909,951   | 12,864,033   | 13,674,891        |
| One year later   | 6,647,000    | 14,945,975   | 8,376,090    | 8,830,000    | 8,296,000    | 8,700,000    | 8,400,000    | 22,671,380   | 9,047,000    |                   |
| Two years later  | 3,786,999    | 14,073,407   | 3,126,090    | 4,330,000    | 9,296,000    | 5,200,000    | 9,400,000    | 19,510,468   |              |                   |
| Three years later  | 1,707,733    | 10,323,407   | 1,176,090    | 4,330,000    | 9,296,000    | 2,700,000    | 8,297,225    |              |              |                   |
| Four years later   | 1,207,733    | 5,323,407    | 1,176,090    | 2,830,000    | 9,396,000    | 1,900,000    |              |              |              |                   |
| Five years later   | 957,733      | 5,398,820    | 976,090      | 2,430,000    | 9,796,000    |              |              |              |              |                   |
| Six years later  | 957,733      | 4,998,820    | 876,090      | 2,178,000    |              |              |              |              |              |                   |
| Seven years later  | 419,788      | 4,898,820    | 791,090      |              |              |              |              |              |              |                   |
| Eight years later  | 419,788      | 4,690,227    |              |              |              |              |              |              |              |                   |
| Nine years later   | 419,788      |              |              |              |              |              |              |              |              |                   |
| Current estimate of ultimate claims  | 419,788      | 4,690,227    | 791,090      | 2,178,000    | 9,796,000    | 1,900,000    | 8,297,225    | 19,510,468   | 9,047,000    | 13,674,891        |
| Cumulative payments to date  | 419,788      | 4,327,415    | 685,581      | 1,899,406    | 6,606,112    | 1,121,525    | 2,208,600    | 16,348,632   | 414,443      | 177,732           |
| Liability recognised at the end of the year                                    | -            | 362,812      | 105,509      | 278,594      | 3,189,888    | 778,475      | 6,088,625    | 3,161,836    | 8,632,557    | 13,497,159        |
| Total liability relating to the last ten policy years                          |              |              |              |              |              |              |              |              |              | 36,095,455        |
| Other claims liabilities older than ten years and future claims handling costs |              |              |              |              |              |              |              |              |              | 4,241,135         |
| <b>Total reserve included in the Statement of Financial Position</b>           |              |              |              |              |              |              |              |              |              | <b>40,336,589</b> |

### Insurance claims – net

Estimate of ultimate cost attributable to the policy year.

| Reporting year   | 2015/16<br>£ | 2016/17<br>£ | 2017/18<br>£ | 2018/19<br>£ | 2019/20<br>£ | 2020/21<br>£ | 2021/22<br>£ | 2022/23<br>£ | 2023/24<br>£ | 2024/25<br>£      |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------|
| End of reporting year  | 11,595,000   | 10,100,000   | 9,540,711    | 8,830,000    | 11,046,000   | 11,200,000   | 20,400,000   | 19,355,275   | 12,864,033   | 13,674,891        |
| One year later   | 6,647,000    | 14,945,975   | 8,376,090    | 8,830,000    | 8,296,000    | 8,700,000    | 8,400,000    | 12,377,020   | 9,047,000    |                   |
| Two years later  | 3,786,999    | 14,073,407   | 3,126,090    | 4,330,000    | 9,296,000    | 5,200,000    | 9,400,000    | 9,251,108    |              |                   |
| Three years later  | 1,707,733    | 10,323,407   | 1,176,090    | 4,330,000    | 9,296,000    | 2,700,000    | 7,600,000    |              |              |                   |
| Four years later   | 1,207,733    | 5,323,407    | 1,176,090    | 2,830,000    | 9,396,000    | 1,900,000    |              |              |              |                   |
| Five years later   | 957,733      | 5,398,820    | 976,090      | 2,430,000    | 9,796,000    |              |              |              |              |                   |
| Six years later  | 957,733      | 4,998,820    | 876,090      | 2,178,000    |              |              |              |              |              |                   |
| Seven years later  | 419,788      | 4,898,820    | 791,090      |              |              |              |              |              |              |                   |
| Eight years later  | 419,788      | 4,690,227    |              |              |              |              |              |              |              |                   |
| Nine years later   | 419,788      |              |              |              |              |              |              |              |              |                   |
| Current estimate of ultimate claims  | 419,788      | 4,690,227    | 791,090      | 2,178,000    | 9,796,000    | 1,900,000    | 7,600,000    | 9,251,108    | 9,047,000    | 13,674,891        |
| Cumulative payments to date  | 419,788      | 4,327,415    | 685,581      | 1,899,406    | 6,606,112    | 1,121,525    | 2,208,600    | 6,116,772    | 414,443      | 177,732           |
| Liability recognised at the end of the year                                    | -            | 362,812      | 105,509      | 278,594      | 3,189,888    | 778,475      | 5,391,400    | 3,134,336    | 8,632,557    | 13,497,159        |
| Total liability relating to the last ten policy years                          |              |              |              |              |              |              |              |              |              | 35,370,730        |
| Other claims liabilities older than ten years and future claims handling costs |              |              |              |              |              |              |              |              |              | 4,241,135         |
| <b>Total reserve included in the Statement of Financial Position</b>           |              |              |              |              |              |              |              |              |              | <b>39,611,864</b> |



|                             | 2025<br>£        | 2024<br>£ |
|-----------------------------|------------------|-----------|
| <b>5 Operating expenses</b> |                  |           |
| Acquisition costs           | <b>1,795,567</b> | 1,629,639 |
| Administrative expenses     | <b>4,143,491</b> | 3,885,685 |
|                             | <b>5,939,058</b> | 5,515,324 |

Included in acquisition costs are:

- i) An allocation of the management fee (excluding risk management) amounting to £1,164,895 (2024 – £1,045,284).
- ii) Reinsurance commissions of £220,000 (2024 – £220,000) payable for the placement of the reinsurance programme.
- iii) 8.0% (2024 – 8.0%) commission payable to Griffin Cell of £410,671 (2024 – £364,355).

Included in administrative expenses are:

- i) Risk management fees of £2,426,362 (2024 – £2,054,000) payable to the Managers in respect of the conduct of the Association's risk management programme.
- ii) Directors' remuneration of £98,332 (2024 – £227,347). Note that the 2024 figures includes an overpayment of tax and the 2025 figure has been reduced by the expected recovery of £83k expected. Without these adjustment the Directors remuneration would be £161k.
- iii) Auditor's remuneration of £91,224 payable for the audit of the Association (2024 – £88,500) which is presented excluding VAT.

The Association has no employees. Management services are provided by Tindall Riley & Co Limited (trading as Griffin Managers). See note 13.

|   | 2025<br>£        | 2024<br>£ |
|---|------------------|-----------|
| <b>6 Investment (loss)/income</b>   |                  |           |
| Bank and other interest   | <b>1,549,466</b> | 73,066    |
| Gain/(loss) on the realisation of investments                               | <b>7,454,597</b> | (330,820) |
| Accumulated realised losses/(gains) recognised as unrealised in prior years | -                | 339,068   |
| Exchange gain/(loss)  | <b>68,528</b>    | (235,847) |
| <b>Investment (loss)/income</b>   | <b>9,072,591</b> | (154,533) |

|                                      | 2025<br>£        | 2024<br>£ |
|--------------------------------------|------------------|-----------|
| <b>7 Allocated investment return</b> |                  |           |
| Allocated investment return          | <b>8,055,917</b> | 5,599,351 |

Investment income is allocated to the 'Technical Account - General Business' from the non-technical account on the basis of longer-term rates of investment return. The longer-term return is based on historical real rates of return and current inflation expectations adjusted for consensus economic and investment forecasts. The return is calculated by applying these rates to the investible assets held during the period on a monthly basis. The following average rates have been used:

|                  | 2025<br>GBP  | 2024<br>GBP | 2025<br>USD  | 2024<br>USD | 2025<br>EUR  | 2024<br>EUR |
|------------------|--------------|-------------|--------------|-------------|--------------|-------------|
| Government bonds | <b>3.30%</b> | 3.00%       | <b>3.50%</b> | -           | <b>3.40%</b> | 3.45%       |
| Corporate bonds  | -            | -           | <b>5.50%</b> | 3.90%       | -            | -           |
| Equities         | <b>5.90%</b> | 5.90%       | -            | -           | -            | -           |
| Cash             | <b>3.00%</b> | 3.00%       | <b>3.00%</b> | 3.90%       | -            | -           |

A transfer of £692,676 has been made to the investment reserve from the income and expenditure account equivalent to the surplus of actual return against the longer-term return for the year (net of tax) during the year (2024 – transfer to the investment reserve £5,207,793 to the Income and Expenditure account).

|   | 2025<br>£          | 2024<br>£   |
|---|--------------------|-------------|
| <b>Comparison of longer-term return with actual returns over 10 years</b> |                    |             |
| Actual net investment return  | <b>34,184,981</b>  | 30,030,888  |
| Longer-term rate of return  | <b>38,469,989</b>  | 34,144,581  |
| Deficit of actual return above allocated return                           | <b>(4,285,008)</b> | (4,113,693) |

## NOTES TO THE FINANCIAL STATEMENTS

30 September 2025

### 8 Taxation

By virtue of its mutual status the Association is not liable to tax on its insurance operations. It is liable to tax on its income and net gains from investments. The (credit)/charge in the Income and Expenditure Account represents:

|                                     | 2025<br>£        | 2024<br>£ |
|-------------------------------------|------------------|-----------|
| <b>Analysis of charge in period</b> |                  |           |
| UK corporation tax                  | <b>2,246,795</b> | 2,676,205 |
| Over provision in previous years    | -                | (765,708) |
| <b>Total tax charge</b>             | <b>2,246,795</b> | 1,910,497 |

#### Factors affecting tax charge for period

The tax assessed for the period is different from the standard rate of corporation tax in the UK of 25% (2024 – 25%) mainly due to the impact of non-taxable mutual insurance operations (balance on the technical account gross of the allocated investment return). The differences are explained below:

|   | 2025<br>£          | 2024<br>£   |
|---|--------------------|-------------|
| Surplus before tax  | <b>22,087,517</b>  | 23,818,575  |
| Surplus on ordinary activities multiplied by standard rate of corporation tax in the UK | <b>5,521,879</b>   | 5,954,644   |
| Effects of:   |                    |             |
| Non-taxable mutual insurance operations   | <b>(3,282,525)</b> | (3,042,776) |
| Prior year losses relieved in the year  | -                  | (312,634)   |
| Prior year losses carried back to previous years  | -                  | (765,708)   |
| Non tax deductible expenditure  | <b>75,969</b>      | 18,009      |
| Exchange (gain)/loss not taxable  | <b>(68,528)</b>    | 58,962      |
| <b>Total tax charge – see above</b>   | <b>2,246,795</b>   | 1,910,497   |

As at 30 September 2025, the Association has no unutilised tax losses that are available for offset against future taxable profits. The availability of unutilised tax losses for offsetting against future taxable profits of the Association is subject to the relevant provisions of the Income Tax Act 2007 and agreement of the tax authorities.

### 9 Investments

Investments comprise fixed interest investments (government and corporate bonds), equities and other investments, and deposits with credit institutions. Gains and losses on investments are carried through the Income and Expenditure Account using the fair value methodology.

|  | Deposits with<br>credit institutions<br>£ | Fixed interest<br>investments<br>£ | Equity and other<br>investments<br>£ | Total<br>£         |
|--|---|------------------------------------|--------------------------------------|--------------------|
| Purchase of investments                  | 8,384                                     | 61,103,024                         | 5,233,039                            | 66,344,447         |
| Sale of investments                      | (9,235)                                   | (420,466)                          | (53,386,357)                         | (53,816,058)       |
| Realised gain                            | -   | 10,095                             | 7,444,502                            | 7,454,597          |
| Net portfolio investment/divestment      | (851)                                     | 60,692,652                         | (40,708,816)                         | 19,982,986         |
| Unrealised gain/(loss)                   | 892,699                                   | 3,239,254                          | (3,976,914)                          | 155,039            |
| Change in value of portfolio             | 891,848                                   | 63,931,906                         | (44,685,730)                         | 20,138,024         |
| Market value at 30 September 2024        | 20,113,134                                | 58,192,008                         | 71,267,019                           | 149,572,161        |
| <b>Market value at 30 September 2025</b> | <b>21,004,982</b>                         | <b>122,123,915</b>                 | <b>26,581,289</b>                    | <b>169,710,185</b> |
| Cost at 30 September 2024                | 18,886,154                                | 56,878,127                         | 63,926,669                           | 139,690,950        |
| <b>Cost at 30 September 2025</b>         | <b>18,885,304</b>                         | <b>117,570,780</b>                 | <b>23,217,854</b>                    | <b>159,673,937</b> |



## 10 Investment in associate

2025  
£2024  
£

The carrying value of the Association's investment in an associate was as follows:

| <b>At 1 October</b>            |                  |                  |
|--------------------------------|------------------|------------------|
| Cost                           | 3,411,027        | 3,411,027        |
| Less: Accumulated impairment   | -                | -                |
| <b>Net book amount</b>         | <b>3,411,027</b> | <b>3,411,027</b> |
| <b>Year ended 30 September</b> |                  |                  |
| Opening net book amount        | 3,411,027        | 3,411,027        |
| Acquisitions at cost           | -                | -                |
| Impairment                     | -                | -                |
| <b>Closing net book amount</b> | <b>3,411,027</b> | <b>3,411,027</b> |
| <b>At 30 September</b>         |                  |                  |
| Cost                           | 3,411,027        | 3,411,027        |
| Less: Accumulated impairment   | -                | -                |
| <b>Net book amount</b>         | <b>3,411,027</b> | <b>3,411,027</b> |

The Association holds 100% of the Griffin Cell shares as detailed in the table below. The investment is accounted for using cost less accumulated impairment losses.

|  | Country of<br>incorporation | Share<br>held | Class of<br>shares | Principal<br>activity |
|--|-----------------------------|---------------|--------------------|-----------------------|
| Atlas Insurance PCC Limited – Griffin Cell | Malta                       | 100%          | Ordinary           | Insurance             |

**Registered address** 48–50 Ta' Xbiex, Seafront, Ta' Xbiex XBX, 1021, Malta  
Atlas Insurance PCC Limited (Atlas) is a protected cell company registered in Malta.

The Griffin Cell which is incorporated within Atlas, was approved by the Malta Financial Services Authority on 31 December 2020. The Griffin Cell's asset and liabilities are separate from those of Atlas and from those of the other cells hosted by Atlas. The net asset value of the Griffin Cell as at 30 September 2025 is €5.4m (2023 – €4.7m). This would result in a cumulative fair value adjustment to other comprehensive income of €1.7m (2024 – €0.9m) had the investment in associate been valued using the equity method. This follows the critical accounting judgement, in note 2, that there is not 'overall control of the Griffin Cell'.

The following tables summarises the financial statements for the period ended 30 September 2025 and has been presented in Euros, the functional and reporting currency of the Griffin Cell and is provided for information purposes only.

|                                     | 2025<br>€        | 2024<br>€      |
|-------------------------------------|------------------|----------------|
| <b>Income Statement</b>             |                  |                |
| <b>Revenue</b>                      |                  |                |
| Net earned premium                  | 538,248          | 445,592        |
| Other income                        | 387,539          | 320,826        |
| Underwriting expenses               | (7,321)          | (531)          |
| Losses incurred                     | 106,174          | (140,468)      |
| <b>Net underwriting income</b>      | <b>1,024,640</b> | <b>625,419</b> |
| <b>Other income and expenses</b>    |                  |                |
| General and administrative expenses | (213,062)        | (200,226)      |
| Net investment income/(loss)        | 65,123           | (17)           |
| Income tax expenses                 | (317,204)        | (148,812)      |
| <b>Net income</b>                   | <b>559,497</b>   | <b>276,364</b> |

# NOTES TO THE FINANCIAL STATEMENTS

30 September 2025

## 10 Investment in associate (continued)

| Statement of financial position          | 2025<br>€        | 2024<br>€         |
|--|------------------|-------------------|
| <b>Assets</b>                            |                  |                   |
| Unrestricted Cash and Cash Equivalents   | 3,158,180        | 6,568,737         |
| Investments                              | 3,845,485        | –                 |
| Accounts Receivable                      | 86,661           | 92,229            |
| Premium Receivable                       | 304,985          | (851)             |
| Prepaid Expenses                         | 48,964           | 43,638            |
| Reinsurance Recoverable Outstanding      | 2,233,159        | 3,641,625         |
| Deferred Tax Asset                       | –                | 414               |
| Taxes Receivable                         | 20,511           | –                 |
| <b>Total assets</b>                      | <b>9,697,946</b> | <b>10,345,793</b> |
| <b>Equity and Liabilities</b>            |                  |                   |
| <b>Liabilities</b>                       |                  |                   |
| Accrued Expenses                         | 63,243           | 38,384            |
| Losses Payable                           | 1,036            | –                 |
| Reinsurance Premium Payable              | 1,042,056        | 1,152,868         |
| Income Tax Payable                       | 562,773          | 340,087           |
| Premium Tax Payable                      | 119,744          | 98,901            |
| <b>Total Liabilities</b>                 | <b>1,788,851</b> | <b>1,630,240</b>  |
| <b>Technical Reserves</b>                |                  |                   |
| Outstanding Loss Reserves                | 101,461          | 374,423           |
| Incurred But Not Enough Reported         | 2,379,826        | 3,671,828         |
| <b>Total Technical Reserves</b>          | <b>2,481,287</b> | <b>4,046,251</b>  |
| <b>Shareholder's Equity</b>              |                  |                   |
| Ordinary cell Shares of The Griffin Cell | 3,750,000        | 3,750,000         |
| Retained Earnings                        | 1,118,311        | 642,938           |
| Net Income                               | 559,497          | 276,364           |
| <b>Total Shareholder's Equity</b>        | <b>5,427,808</b> | <b>4,669,302</b>  |
| <b>Total Equity and Liabilities</b>      | <b>9,697,946</b> | <b>10,345,793</b> |

## 11 Risk Management Framework

The Association is governed by a Board comprising a non-executive Chair, nine non-executive directors, and two executive directors who are also directors of the Managers. There are five sub-groups of the Board, the Audit Group, the Remuneration Group, the Nominations Group, the Investment Strategy Group and the Emerging Risks Group. The Board has explicitly retained risk as their function rather than delegate to a sub-group.

The duties of the **Audit Group** are to review and advise the Board in relation to the report and financial statements; the Solvency and Financial Condition Report to the Prudential Regulation Authority; internal and external audit; the robustness of internal financial systems and controls; and to maintain oversight responsibility for monitoring compliance and regulatory matters. The Audit Group meets at least four times a year and receives regular reports from the Managers, including the Chief Risk Officer and Chief Actuary, and from the Association's internal and external auditors.

The **Remuneration Group** meets annually to review proposals put forward in relation to the fee paid to the Managers and the remuneration paid to non-executive directors, and to agree the recommendations to be put to the Board for approval.

The **Nominations Group** is responsible for reviewing and making recommendations to the Board in relation to suitable candidates for appointment or re-appointment as directors of the Association, candidates for appointment to regulatory roles and the appointment and re-appointment of the Chair of the Association. The Nominations Group also monitors the overall performance and collective skills of the Board and its sub-groups.

The **Investment Strategy Group** meets at least once a year to review the Association's overall strategic asset allocation, the performance of the Association's investments against an agreed benchmark, and the performance and remuneration of Association's fiduciary investment managers.

The **Emerging Risks Group** meets annually to discuss emerging risks to the Association and the risk scenarios to be considered as part of the ORSA process.



## 11 Risk Management Framework (continued)

The Association complies with the requirements of the Senior Managers and Certification regime (SMCR) and maintains a Management Responsibilities Map which sets out the governance structure of the Association and identifies senior management functions, the notified non-executive directors and other significant roles that carry additional responsibility, called Certification Functions. It also shows reporting lines and the allocation of prescribed responsibilities. Changes to the Management Responsibilities Map are reviewed and approved by the Board.

Each Member firm is entitled to nominate one of its partners or directors to sit on the Association's Committee. All Member directors of the Association are also members of the Committee and firms represented on the Board are entitled to nominate a second Committee Representative, should they wish to do so. The Committee meets at least twice each year to receive reports on major decisions made by the Board. The Committee does not have authority to make decisions, but provides an opportunity for Members to ask questions and exchange views with the Managers and the Board on matters relating to the running of the Association and on matters of general commercial interest.

The Association is managed on a day-to-day basis by Tindall Riley & Co Limited, trading as Griffin Managers (the Managers). Tindall Riley & Co Limited is a private company owned principally by its directors and senior staff.

The Association has a robust risk management framework in place that is the responsibility of the Board. The Risk Register sets out in detail the risks faced by the Association and the internal controls that mitigate those risks. It is reviewed and updated in April and October to reflect any changes to the risk profile and any identified Risk Incidents (adverse events outside expectation) or Emerging Risks (changes in the internal or external environment that change the nature of the Association's risk profile).

The key areas of risk to the Association are set out below:

- **Underwriting risk** – incorporating premium and reserving risk;
- **Market risk** – incorporating interest rate risk, equity risk, spread risk and currency risk;
- **Counterparty risk** – being the risk that a counterparty is unable to pay amounts in full when due; and
- **Operational risk** – being the risk of failure of internal processes or controls.

The Association assesses a wider set of risks, including Reputational and Strategic Risk, as well as the maintenance of risk capital in excess of the regulatory minimum, through its Own Risk and Solvency Assessment (ORSA) process.

The Board monitors the development and operation of the risk management framework through the establishment of Risk Appetite Statements that set the amount of risk exposure that is acceptable and the expectation of key control performance. These are given further clarity through policies and procedures, including controls, which are then independently assessed and tested by the Risk, Compliance and Internal Audit functions.

The Association manages the risks relating to the operation of the Association through the Risk Register, which analyses exposures by degree and magnitude of risk. There have been no changes in the methods or assumptions used to calculate these risks. The Association uses a 5% movement (3% for interest rates) as a reasonable benchmark to measure the impact of market risk.

### 11.1 Underwriting risk

The Association adopts a conservative approach to underwriting, characterised by selectivity of membership and prudent rating, allied to commercial awareness.

There are detailed procedures, documented in the Griffin Procedures Manual, for the selection of new Members, which reinforce the risk tolerances in terms of the types of intermediaries the Association wishes to attract, and their size, type and the nature of business undertaken. This maintains an appropriate mix and balance of Members. There are also procedures for renewing Members. While the Association is always open to approaches from intermediaries they are subject to a thorough due diligence process prior to acceptance into the Association.

Monitoring of compliance with the risk tolerances within underwriting is undertaken by the Senior Underwriting Director, the Chair of Griffin Managers, the directors of Griffin Managers and the Board of the Association, supported by analysis from the Chief Actuary and the wider actuarial function.

Due to the nature of the Association's business, insurance risk is wholly concentrated on professional indemnity risks. The business is all written in the UK but the Association has exposure to claims liabilities worldwide and in currencies other than Sterling.

# NOTES TO THE FINANCIAL STATEMENTS

30 September 2025

## 11 Risk Management Framework (continued)

### Reinsurance

The reinsurance programme reduces the impact of individual large losses on the Association. The Association retains the first £5.0m per Member (the Association's retention, which is inclusive of the retention within the Griffin Cell), above which the market reinsurance arrangements respond up to the £30.0m maximum limit of cover on any one claim. These risk tolerances are set by the Board.

### Claims reserves

The Association's risk appetite in respect of claims reserves is low, characterised by prudent estimation of individual claims (on a 'worst likely outcome basis') and GAAP IBNER reserves set at an appropriate level of confidence using a mixture of standard actuarial techniques and expert judgement from claims handlers.

The Association targets a GAAP IBNER which should be appropriate to cover significant adverse claims development. To do this it targets the 95th percentile for attritional claims and then specific loadings for large losses and non-assessable reinsurance (NAR) notifications. The resulting GAAP IBNER is reviewed by the Audit Group and Board and where deemed insufficient (or excessive) changes can be made.

The adequacy of reserves is monitored by senior management quarterly and by the directors of Griffin Managers, the Audit Group and the Board of the Association at each year end, when a formal report is prepared by the Chief Actuary, setting out the reserves for each policy year, the percentage of confidence on an overall basis and an explanation as to how these have moved since the last formal review.

### Sensitivity

The Association carries out sensitivity testing on its claim reserves. The results of sensitivity testing are set out below, showing the impact on the surplus before tax, gross and net of reinsurance, and equity. The sensitivity analysis assumes that a change in loss ratio is driven by a change in claims incurred, and has been calculated excluding the impact of returns of call.

#### Impact on surplus before tax and equity

|                              | 2025<br>£          | 2024<br>£   |
|------------------------------|--------------------|-------------|
| Increase in loss ratio by 5% |                    |             |
| Gross                        | <b>(1,933,445)</b> | (1,677,486) |
| Net                          | <b>(1,668,579)</b> | (1,443,116) |

A 5% decrease in loss ratios would have an equal and opposite effect.

#### Impact on surplus before tax and equity

|                               | 2025<br>£           | 2024<br>£    |
|-------------------------------|---------------------|--------------|
| Increase in loss ratio by 30% |                     |              |
| Gross                         | <b>(11,600,667)</b> | (10,064,918) |
| Net                           | <b>(10,011,473)</b> | (8,658,695)  |

A 30% decrease in loss ratios would have an equal and opposite effect.

### 11.2 Market risk

Market risk is the risk of adverse financial impact as a consequence of market movements such as currency exchange rates, interest rates and equity price changes. Market risk arises due to fluctuations in the value of both assets and liabilities.

The investment strategy, which is reviewed periodically by the Investment Strategy Group, is set by the Board with the assistance of external investment consultants and the investment managers. The strategy reflects the risk appetite of the Association and is designed to maximise return whilst holding a risk level deemed acceptable. The policy allows the investment managers to invest a proportion of the portfolio in assets which carry a greater risk but potentially higher return, such as equities, with the majority being held in investments such as government bonds, corporate bonds and cash.

The asset allocation of the investment portfolio is monitored by the Managers. Where an asset class exceeds its permitted range, the investment managers will be instructed to carry out a rebalancing exercise, in order to restore the allocation to within its strategic range.



## 11 Risk Management Framework (continued)

### 11.2 Market risk (continued)

The Association is exposed to currency risk in respect of liabilities under insurance denominated in currencies other than Sterling. The most significant currencies to which the Association is exposed are Euro and US dollars. In order to manage this risk, the Association holds a proportion of its investments in each currency at a level to match expected future claim payments in those currencies.

The Association uses 5% as a reasonable benchmark to measure the impact of market risk.

The table below shows the effects of a 5% increase or decrease in foreign exchange rates on the surplus before tax and equity:

|   | 2025<br>USD | 2025<br>Euro | 2024<br>USD | 2024<br>Euro |
|---|-------------|--------------|-------------|--------------|
| <b>Foreign currency bond holdings:</b>                        |             |              |             |              |
| Effect of 5% (2024 – 5.0%) increase in foreign exchange rates | 162,734     | 73,327       | 156,602     | 67,749       |
| Effect of 5% (2024 – 5.0%) decrease in foreign exchange rates | (162,734)   | (73,327)     | (156,602)   | (67,749)     |
| <b>Foreign currency cash holdings:</b>                        |             |              |             |              |
| Effect of 5% (2024 – 5.0%) increase in foreign exchange rates | 244,939     | 120,727      | 224,896     | 3,616        |
| Effect of 5% (2024 – 5.0%) decrease in foreign exchange rates | (244,939)   | (120,727)    | (224,896)   | (3,616)      |

### Interest rate risk management

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market rates. Interest rate risk arises primarily from the nature and term of investments held and is managed through the buying and selling of appropriate fixed interest securities of different durations.

The table below shows the effects of a 3.0% (2024 – 3.0%) increase or decrease in interest on earnings from debt securities and the anticipated change in investment market values:

|   | 2025<br>£   | 2024<br>£   |
|---|-------------|-------------|
| 3.0% (2024 – 3.0%) increase in interest rates | 4,093,682   | 2,272,928   |
| 3.0% (2024 – 3.0%) decrease in interest rates | (4,093,682) | (2,272,928) |

The table below shows the anticipated change in investment market values from a 5% increase or decrease in price:

|   | 2025<br>£   | 2024<br>£   |
|---|-------------|-------------|
| 5% (2024 – 5.0%) increase in fixed interest rates | 6,106,196   | 2,909,600   |
| 5% (2024 – 5.0%) decrease in fixed interest rates | (6,106,196) | (2,909,600) |

### Equity price sensitivity analysis

The Association is exposed to price risk through its holding of equities. The exposure through equities is limited to a controlled proportion of the overall portfolio. At the year end, the holding in equities was 16% (2024 – 48%) of the investment portfolio. The value of the equity holding at the year-end amounted to £26.6 million (2024 – £71.3 million).

The table below shows the anticipated change in investment market values from a 5% increase or decrease in price:

|   | 2025<br>£   | 2024<br>£   |
|---|-------------|-------------|
| 5% (2024 – 5.0%) increase in equity price | 1,329,064   | 3,563,351   |
| 5% (2024 – 5.0%) decrease in equity price | (1,329,064) | (3,563,351) |

# NOTES TO THE FINANCIAL STATEMENTS

30 September 2025

## 11 Risk Management Framework (continued)

### 11.3 Counterparty risks

#### 11.3.1 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Association.

The key areas where the Association is exposed to credit risk are:

- Amounts recoverable from reinsurance contracts
- Amounts due from Members
- Counterparty risk with respect to cash and investments

#### Amounts recoverable on reinsurance contracts

The Association is exposed to credit risk from a counterparty failing to comply with its obligations under a contract of reinsurance. The excess of loss reinsurance programme is placed through a Lloyd's broker. The Association has set selection criteria whereby each reinsurer is required to hold a credit rating of at least 'A-' at the time the contract is made; a substantial part of the reinsurance programme is placed with Lloyd's underwriters ('AA-' rated). Reinsurer credit risk is monitored by the Board.

#### Amounts due from Members

Amounts due from Members represent Calls owing to the Association in respect of insurance business written. The Association manages the risk of Member default through a screening process to ensure the quality of new entrants to the Association and the ability to suspend cover and outstanding claims recoveries to Members that fail to settle amounts payable. The Association's policy is that Members should have paid all outstanding Calls within 30 days. Amounts written off as bad debts have been minimal over recent years.

#### Counterparty risk with respect to cash and investments

The majority of the Association's investments are invested in funds managed by Schroders and are not rated by external rating agencies. The policy allows for investment in equities, fixed interest (government and corporate) securities and cash.

The average ratings of the funds are monitored by the Association's Investment Strategy Group, with assistance from Schroders. The fund credit ratings allocated by Schroders and the underlying credit ratings of the investments held within the funds are reviewed by the Group to ensure that materially all investments are at least rated as investment grade. The Group also ensures that Schroders monitors the underlying investments to limit the risk of default.

The following tables provide information regarding credit risk exposure for financial assets with external credit ratings (S&P or equivalent).

|  | 2025<br>£          | 2024<br>£          |
|--|--------------------|--------------------|
| Fixed interest investments                 | 122,123,915        | 58,192,006         |
| Equity and other investments               | 26,581,289         | 71,267,016         |
| Reinsurers' share of technical provisions  | 724,725            | 62,500             |
| Member and other debtors                   | 3,228,176          | 1,424,085          |
| Deposits with credit institutions          | 21,004,982         | 20,113,139         |
| Cash at bank and in hand                   | 10,756,152         | 8,632,490          |
| Investment in associate                    | 3,411,027          | 3,411,027          |
| <b>Total financial assets bearing risk</b> | <b>187,830,265</b> | <b>163,102,263</b> |

None of the balances listed in the table above is past due or impaired.

|  | 2025               | 2024               |
|--|--------------------|--------------------|
| An analysis of this exposure by credit rating is shown below |                    |                    |
| AAA  | -                  | -                  |
| AA   | 500,335            | 51,250             |
| A  | 10,980,542         | 8,643,740          |
| BBB+ and below   | -                  | -                  |
| No rating  | 176,349,388        | 154,407,273        |
| <b>Total financial assets bearing risk</b>                   | <b>187,830,265</b> | <b>163,102,263</b> |

## 11 Risk Management Framework (continued)

### 11.3.2 Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations as they fall due at a reasonable cost. The Association has adopted an investment policy which requires the maintenance of significant holdings in cash funds and short-term deposits to ensure sufficient funds are available to cover anticipated liabilities and unexpected levels of demand. Short-term cash needs are monitored to ensure the most efficient investment of cash balances.

The following table provides a maturity analysis of the Association's financial assets representing the date that a contract will mature, amounts are due for payment or the asset could be realised without significant additional cost (there is no maturity date for equities):

|   | Within<br>1 year<br>£ | 1-2 years<br>£ | 2-5 years<br>£ | Over<br>5 years<br>£ | Total<br>£         |
|---|-----------------------|----------------|----------------|----------------------|--------------------|
| <b>As at 30 September 2025</b>                        |                       |                |                |                      |                    |
| Equities and other investments                        | 26,581,289            | -              | -              | -                    | 26,581,289         |
| Debt securities and other<br>fixed income securities  | 122,123,915           | -              | -              | -                    | 122,123,915        |
| Deposits with credit institutions                     | 21,004,982            | -              | -              | -                    | 21,004,982         |
| Direct insurance operations – Members                 | 2,297,494             | -              | -              | -                    | 2,297,494          |
| Reinsurers' share of technical provisions             | 60,072                | 97,387         | 370,950        | 196,316              | 724,725            |
| Reinsurance debtors, other debtors<br>and prepayments | 930,682               | -              | -              | -                    | 930,682            |
| Cash at bank and in hand                              | 10,756,152            | -              | -              | -                    | 10,756,152         |
| Investment in associate                               | -                     | -              | -              | 3,411,027            | 3,411,027          |
| <b>Total assets</b>                                   | <b>183,754,585</b>    | <b>97,387</b>  | <b>370,950</b> | <b>3,607,343</b>     | <b>187,830,265</b> |

|   |                    |              |               |                  |                    |
|---|--------------------|--------------|---------------|------------------|--------------------|
| <b>As at 30 September 2024</b>                        |                    |              |               |                  |                    |
| Equities and other investments                        | 71,267,016         | -            | -             | -                | 71,267,016         |
| Debt securities and other<br>fixed income securities  | 58,192,006         | -            | -             | -                | 58,192,006         |
| Deposits with credit institutions                     | 20,113,139         | -            | -             | -                | 20,113,139         |
| Direct insurance operations – Members                 | 186,608            | -            | -             | -                | 186,608            |
| Reinsurers' share of technical provisions             | 3,545              | 8,002        | 30,829        | 20,124           | 62,500             |
| Reinsurance debtors, other debtors<br>and prepayments | 1,237,477          | -            | -             | -                | 1,237,477          |
| Cash at bank and in hand                              | 8,632,490          | -            | -             | -                | 8,632,490          |
| Investment in associate                               | -                  | -            | -             | 3,411,027        | 3,411,027          |
| <b>Total assets</b>                                   | <b>159,632,281</b> | <b>8,002</b> | <b>30,829</b> | <b>3,431,151</b> | <b>163,102,263</b> |

The following is an analysis of the estimated timings of net cash flows by financial liability. The timing of cash flows is based on current estimates and historic trends. The actual timing of cash flows may be materially different from those disclosed below:

|                                       |                   |                  |                   |                  |                   |
|---------------------------------------|-------------------|------------------|-------------------|------------------|-------------------|
| <b>As at 30 September 2025</b>        |                   |                  |                   |                  |                   |
| Gross outstanding claims              | 4,457,944         | 5,741,135        | 21,286,871        | 8,850,639        | 40,336,589        |
| Direct insurance operations – Members | 10,264,836        | -                | -                 | -                | 10,264,836        |
| Accrued creditors and accrued income  | 111,658           | -                | -                 | -                | 111,658           |
| Taxation                              | 2,180,412         | -                | -                 | -                | 2,180,412         |
| Other creditors                       | 168,821           | -                | -                 | -                | 168,821           |
| <b>Total liabilities</b>              | <b>17,183,671</b> | <b>5,741,135</b> | <b>21,286,871</b> | <b>8,850,639</b> | <b>53,062,316</b> |

|                                       |                   |                  |                   |                  |                   |
|---------------------------------------|-------------------|------------------|-------------------|------------------|-------------------|
| <b>As at 30 September 2024</b>        |                   |                  |                   |                  |                   |
| Gross outstanding claims              | 4,105,345         | 5,162,226        | 18,734,843        | 8,188,055        | 36,190,469        |
| Direct insurance operations – Members | 10,278,795        | -                | -                 | -                | 10,278,795        |
| Accrued creditors and accrued income  | 108,324           | -                | -                 | -                | 108,324           |
| Taxation                              | 1,446,103         | -                | -                 | -                | 1,446,103         |
| Other creditors                       | 151,346           | -                | -                 | -                | 151,346           |
| <b>Total liabilities</b>              | <b>16,089,913</b> | <b>5,162,226</b> | <b>18,734,843</b> | <b>8,188,055</b> | <b>48,175,037</b> |

The assets of the Association, other than reinsurers' share of claims and the Association's investment in associate, are highly liquid and generally available to settle any potential liability that falls due on the Association within a trading range of less than 5 days.

# NOTES TO THE FINANCIAL STATEMENTS

30 September 2025

## 11 Risk Management Framework (continued)

### 11.4 Operational risk

Operational risk relates to the failure of internal processes, systems or controls due to human or other error. In order to mitigate such risks the Association documents key processes and controls in a procedures manual. This manual is embedded into the organisation, updated on a continuous basis by senior staff and is available to all staff. Compliance with the procedures and controls documented within the manual is audited on a regular basis through quality control checks and the internal audit function, which is directed and reviewed by Tindall Riley & Co Limited and the Audit Group. A staff handbook contains all key policies that have also been documented. Operational risk is quantified in both the SFCR and ORSA.

### 11.5 Limitation of the sensitivity analyses

The sensitivity analyses in sections 11.1, 11.2 and 11.3 above show the impact of a change in one input assumption with other assumptions remaining unchanged. In reality, there is normally correlation between the change in certain assumptions and other factors which would potentially have a significant impact on the effect noted above including management actions that will be considered at the time.

### 11.6 Capital risk management

The Association maintains an efficient capital structure, consistent with the Association's risk profile. The Association's capital is represented by net assets. The Association's objective is to maintain sufficient capital to ensure it is able to continue as a going concern and meet regulatory requirements.

The Association is subject to the Solvency UK regime. The Association is required to meet a SCR which is calibrated to seek to ensure a 99.5% confidence of the ability to meet obligations over a 12-month time horizon. The Association calculates its SCR in accordance with the standard formula prescribed in the Solvency II regulations as the assumptions underlying the standard formula are considered to be appropriate for the Association's risk profile.

The Association is regulated by the PRA and FCA. The Board's policy is to develop and maintain a strong and flexible capital base in order to meet the capital requirements of the PRA. The Association's compliance with the SCR is monitored and updated annually, although if anything significant (such as a large claim or investment movement), which was material, occurred in the year, it would be updated immediately. Other capital measures used by the Board include an Economic Capital Benchmark, which is also monitored against actual capital resources.

In order to monitor capital requirements, the Board and the Managers review the capital position on a quarterly basis at a high level.

Throughout the period the Association complied with the regulators' capital requirements. At 30 September 2025 the Association's Solvency II own funds exceeded the SCR with a solvency ratio of 489.7% (2024 – 454.1%). In accordance with the PRA rulebook, the Association has taken benefit of the audit exemption of the SCR and the SFCR and therefore the current and prior year SCR, SFCR and solvency ratios are unaudited.

### 11.7 Fair value hierarchy

Fair value is the amount for which an asset or liability could be exchanged between willing parties in an arm's length transaction. Fair values are determined at prices quoted in active markets. In some instances, such price information is not available for all instruments and the Association applies valuation techniques to measure such instruments. These valuation techniques make maximum use of market observable data but in some cases the Managers estimate unobservable market inputs within the valuation model. There is no standard model and different assumptions would generate different results.

Fair values are subject to a control framework designed to ensure that input variables and outputs are assessed independently of the risk taker. These inputs and outputs are reviewed and approved by the Managers. The Association has no exposure to financial assets or liabilities which are valued at other than quoted prices in an active market.

The classification criteria and their application to the Association can be summarised as follows:

- The unadjusted quoted price in an active market for identical assets or liabilities that the Association can access at the measurement date (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable (i.e., developed using market data) for the asset or liability, either directly or indirectly (Level 2)
- Inputs are unobservable (i.e., for which market data is unavailable) for the asset or liability (Level 3)

## 11 Risk Management Framework (continued)

| Group   | Deposits with credit institutions |            | 2025<br>£          | Fixed interest<br>2024<br>£ | 2025<br>£         | Equity and other investments |           |
|---------|-----------------------------------|------------|--------------------|-----------------------------|-------------------|------------------------------|-----------|
|         | 2025<br>£                         | 2024<br>£  |                    |                             |                   | 2025<br>£                    | 2024<br>£ |
| Level 1 | <b>21,004,982</b>                 | 20,113,139 | <b>122,123,915</b> | 58,192,006                  | <b>26,581,286</b> | 71,267,016                   |           |
| Level 2 | -                                 | -          | -                  | -                           | -                 | -                            |           |
| Level 3 | -                                 | -          | -                  | -                           | -                 | -                            |           |
|         | <b>21,004,982</b>                 | 20,113,139 | <b>122,123,915</b> | 58,192,006                  | <b>26,581,286</b> | 71,267,016                   |           |

## 12 Related party transactions

The Board, comprising up to 12 representatives of the membership of the Association and two Manager nominees, is appointed to oversee the management of the Association on behalf of the Members. However, because of the mutual nature of the Association, all Members, being both insurer and insured, are in effect related parties.

The aggregate of transactions with Members is disclosed in the financial statements and these are the only transactions between the Association and the Members.

The Association's reinsurance programme is placed by a Member of the Association and the Member earned reinsurance commission of £220,000 (2024 - £220,000) for placing the programme.

Tindall Riley & Co Limited (trading as Griffin Managers) manages the Association and received £6,521,000 (2024 - £5,926,000) in respect of management fees and risk management services.

As detailed in note 10, the Association has an investment in the Griffin Cell, which provides professional indemnity insurance to Members' EU-based operations. The Association provides reinsurance to the Griffin Cell. The following is a list of the related party transactions and balances with the Griffin Cell:

|                                   | 2025<br>£          | 2024<br>£   |
|-----------------------------------|--------------------|-------------|
| <b>Related party transactions</b> |                    |             |
| Inwards reinsurance premium       | <b>5,137,543</b>   | 4,553,153   |
| Commission payable (8.0%)         | <b>(410,671)</b>   | (364,355)   |
| Paid claims                       | <b>8,833</b>       | -           |
| Movement in outstanding claims    | <b>107,506</b>     | (1,450,992) |
| Gross outstanding claims          | <b>(2,239,735)</b> | (2,347,241) |
| Amount due from the Griffin Cell  | <b>574,098</b>     | 916,715     |
| Investment in the Griffin Cell    | <b>3,411,027</b>   | 3,411,027   |

## 13 Subsequent events

There are no subsequent events which require adjustment or disclosure in the financial statements. The financial statements were authorised for issue by the Board on 18 December 2025.

## COMPANY INFORMATION

The Griffin Insurance Association Limited, Limited by Guarantee

### Board of Directors

**Mark Warren** (Chairman)

**Hugh Armytage**

**Ian Cooper** (Appointed on 1 June 2025)

**Matthew Grover** (Appointed on 1 April 2025)

**Maryse Hazell**

**Andrew Hedger**

**Rhona Lewry** (Resigned on 2 April 2025)

**Gary Masters**

**Julian McGuiggan**

**Duncan McKechnie**

**Rebecca Scott**

**Chet Shah** (Resigned on 2 October 2025)

**Finlay Smith**

**Adam Stafford**

### Registered Office

33 King William Street  
London EC4R 9AT

Companies House  
Number 2134231

### Managers

Tindall Riley & Co Limited  
Trading as:  
Griffin Managers  
33 King William Street  
London EC4R 9AT

### Auditors

Forvis Mazars LLP  
30 Old Bailey  
London EC4M 7AU





THE GRIFFIN INSURANCE ASSOCIATION LIMITED  
REGISTERED OFFICE:  
33 KING WILLIAM STREET  
LONDON EC4R 9AT

TELEPHONE: +44 (0)20 7407 3588

