



QBE Capital (Global) Ltd.
4th Floor, 19 Par-la-Ville Road
Hamilton HM 11
Bermuda

Attention: Laura Dobbyn

30 April 2025

Reference: MB/WS/02109941001

Subject: QBE Capital (Global) Ltd. – Financial Statements

Dear Recipient,

We enclose a signed copy of the financial statements of QBE Capital (Global) Ltd., for the year ended 31 December 2024.

Very truly yours,

PricewaterhouseCoopers Ltd.

Chartered Professional Accountants

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Independent auditor's report

To the Board of Directors and Shareholder of QBE Capital (Global) Ltd.

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of QBE Capital (Global) Ltd. (the Company) as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

What we have audited

The Company's financial statements comprise:

- the balance sheet as at 31 December 2024;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Chartered Professional Accountants of Bermuda Rules of Professional Conduct (CPA Bermuda Rules) that are relevant to our audit of the financial statements in Bermuda. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the CPA Bermuda Rules.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the



going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers Ltd.

Chartered Professional Accountants

Hamilton, Bermuda

30 April 2025

2024

Financial Report

QBE CAPITAL (GLOBAL) LTD

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This Financial Report includes the financial statements for QBE Capital (Global) Ltd (the Company).

All amounts in this Financial Report are presented in US dollars unless otherwise stated.

QBE Capital (Global) Ltd is a company limited by shares, incorporated and domiciled in Bermuda. Its registered office is located at: 4th Floor, 19 Par-La-Ville Road, Hamilton HM11, Bermuda.

The parent entity is QBE Capital Ltd, incorporated and domiciled in Bermuda at the same address.

The Company is a wholly owned company of QBE Group.

The Financial Report was authorised for issue by the directors on 30 April 2025. The directors have the power to amend and reissue the financial statements.

Statement of comprehensive income

FOR THE YEAR ENDED 31 DECEMBER 2024

	NOTE	2024 US\$M	2023 US\$M
Insurance revenue	2.1	1,507	1,297
Insurance service expense	2.2.1	(975)	(776)
Reinsurance expenses	2.2.1	(825)	(878)
Reinsurance income	2.2.1	484	467
Insurance service result		191	110
Insurance operating result		191	110
Insurance finance expenses	4.4	(63)	(74)
Reinsurance finance income	4.4	57	85
Investment income (loss) - policyholders' funds	3.1	16	(132)
Insurance (loss) profit		201	(11)
Investment income - shareholders' funds	3.1	36	106
Investment expenses - shareholders' funds	3.1	(2)	(2)
Financing and other costs		(6)	(5)
Profit before income tax		229	88
Income tax expense	6.1	(9)	(10)
Profit after income tax		220	78
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Net movement in foreign currency translation reserve		-	-
Total comprehensive income after income tax		220	78
Profit after income tax attributable to:			
Ordinary equity holders of the company		220	78
Total comprehensive income after income tax attributable to:			
Ordinary equity holders of the company		220	78

The statement of comprehensive income should be read in conjunction with the accompanying notes.

Balance sheet

AS AT 31 DECEMBER 2024

	NOTE	2024 US\$M	2023 US\$M
Assets			
Cash and cash equivalents	5.1	80	36
Investments	3.2	1,626	1,680
Derivative financial instruments	5.4	46	30
Other receivables	2.4	443	457
Reinsurance contract assets	2.2	2,529	2,683
Total assets		4,724	4,886
Liabilities			
Derivative financial instruments	5.4	42	51
Other payables	2.5	16	11
Insurance contract liabilities	2.2	3,273	3,486
Total liabilities		3,331	3,548
Net assets		1,393	1,338
Equity			
Share capital	5.2.1	591	591
Share premium reserves	5.2.2	139	139
Reserves	5.2.2	(388)	(388)
Retained profits		1,051	996
Total equity		1,393	1,338

The balance sheet should be read in conjunction with the accompanying notes.

Signed in HAMILTON, Bermuda on 30th of April 2025, in accordance with a resolution of the directors.



A. Sodergren
Director



C. Thomas
Director

Statement of changes in equity

FOR THE YEAR ENDED 31 DECEMBER 2024

	SHARE CAPITAL US\$M	SHARE PREMIUM RESERVE US\$M	FOREIGN CURRENCY TRANSLATION RESERVE US\$M	RETAINED PROFITS US\$M	TOTAL EQUITY US\$M
2024					
As at 1 January	591	139	(388)	996	1,338
Profit after income tax	-	-	-	220	220
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	220	220
Transactions with owners in their capacity as owners:					
Dividends paid on ordinary shares	-	-	-	(165)	(165)
As at 31 December	591	139	(388)	1,051	1,393
2023					
As at 1 January	591	139	(388)	1,218	1,560
Profit after income tax	-	-	-	78	78
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	78	78
Transactions with owners in their capacity as owners:					
Dividends paid on ordinary shares	-	-	-	(300)	(300)
As at 31 December	591	139	(388)	996	1,338

The statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

FOR THE YEAR ENDED 31 DECEMBER 2024

		2024	2023
	NOTE	US\$M	US\$M
Operating activities			
Premium received net of acquisition costs paid		938	1,785
Reinsurance recoveries received		675	791
Premiums paid net of ceding commissions received		(859)	(1,352)
Claims and other insurance service expenses paid		(872)	(1,237)
Interest received		60	44
Dividends received		7	7
Other operating receipts (payments)		13	
Finance costs paid		(5)	(4)
Income taxes paid		(8)	-
Net cash flows from operating activities	7.3	(51)	34
Investing activities			
Proceeds on sale of growth assets		(2)	2
(Payments)/Proceeds on foreign exchange transactions		(12)	38
Payment for purchase of growth assets		3	(8)
(Payments) on sale of interest-bearing financial assets		225	(312)
Net cash flows from investing activities		214	(280)
Financing activities			
Dividends paid		(165)	-
Payments from related entities		39	37
Net cash flows from financing activities		(126)	37
Net movement in cash and cash equivalents		37	(209)
Cash and cash equivalents at the beginning of the year		36	253
Effect of exchange rate changes		7	(8)
Cash and cash equivalents at the end of the year	5.1	80	36

The statement of cash flows should be read in conjunction with the accompanying notes.

Included within cash flows from investing activities, is a net amount of \$311M which represents the settlement of claim and premium amounts with divisions. Since the transfer of investments is a non-cash investing activity, it has been excluded from the statement of cash flows. The remaining settlements are recorded within cash flows from operating activities.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2024

1. OVERVIEW

1.1 About the Company

The Company is limited by shares, incorporated on 28 October 1983 and domiciled in Bermuda. The parent entity is QBE Capital Ltd, and the ultimate parent is QBE Insurance Group Limited which is a global insurer with operations in Australia, New Zealand, Europe, North America, Asia and the Pacific, and listed on the Australian Securities Exchange.

The Company is a wholly owned for-profit subsidiary of the QBE Group. During the year the Company provided reinsurance protections to the QBE Group's operations around the world in addition to a small amount of multinational external business. Business written and retained by the Company is within the risk appetite of the QBE Group and is designed to support the management of aggregate exposures to any one large individual risk or catastrophe claim and to support capital management across the QBE Group.

During the period, QBE Capital (Global) Ltd. changed its name from Equator Reinsurances Ltd. and the Bermuda Monetary Authority ('BMA') approved the company's reclassification, whereby it now holds a Class 4 licence and is authorised to write third-party business (effective November 2024).

1.2 About this report

This Financial Report includes the financial statements for QBE Capital (Global) Ltd.

The Financial Report includes the four primary statements, namely the statement of comprehensive income (which comprises profit or loss and other comprehensive income), balance sheet, statement of changes in equity and statement of cash flows in addition to associated notes as required by Australian Accounting Standards Board. Disclosures have been grouped into the following categories in order to assist users in their understanding of our financial statements:

1. **Overview** contains information that impacts the Financial Report as a whole.
2. **Underwriting activities** brings together results and balance sheet disclosures relevant to the Company's reinsurance activities.
3. **Investment activities** includes the results and balance sheet disclosures relevant to the Company's investment activities.
4. **Risk management** provides commentary on the Company's exposure to various financial and capital risks, explaining the potential impact on the results and balance sheet and how the Company manages these risks.
5. **Capital structure** provides information about the Company's capital.
6. **Tax** includes required disclosures in relation to the Company's tax balances.
7. **Other** includes additional disclosures required in order to comply with standards issued by the Australian Accounting standards Board.

Where applicable within each note, disclosures are further analysed as follows:

- **Overview** provides some context to assist users in understanding the disclosures.
- **Disclosures** (both numbers and commentary) provides analysis of balances as required by standards issued by the Australian Accounting standards Board
- **How we account for the numbers** summarises the accounting policies relevant to an understanding of the numbers.
- **Critical accounting judgements and estimates** explains the key estimates and judgements applied by management in determining the numbers.

The notes include information which the directors believe is required to understand the financial statements and is material and relevant to the operations, balance sheet and results of the Company. Information is considered material and relevant if:

- the amount in question is significant because of its size or nature;
- it is important to assist an understanding the results of the Company; and
- it related to an aspect of the Company's operations that is important to its future performance.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2024

1.2.1 Basis of preparation

This Financial Report is a general purpose financial report which:

- has been prepared in accordance with Australian Accounting Standards (AASB) and in accordance with the Bermuda Companies Act 1981;
- complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and Interpretations as issued by the IFRS Interpretations Committee (IFRIC);
- has been prepared on a historical cost basis as modified by certain exceptions, the most significant of which are the measurement of investments and derivatives at fair value and the measurement of the net insurance contract liabilities at present value;
- is presented in US dollars; and
- is presented with values rounded to the nearest million dollars or, in certain cases, to the nearest thousand dollars.

New and amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are now effective are detailed in note 7.1.1.

The Company has not adopted any Accounting Standards and Interpretations that have been issued or amended but are not yet effective as listed in note 7.1.1.

Where necessary, comparative information has been restated to conform to the current year's disclosures.

1.2.2 Critical accounting judgements and estimates

The preparation of the Company's financial statements requires management to make judgements and estimates that affect amounts reported in the profit or loss and balance sheet. The key areas in which critical estimates and judgements is the measurement of insurance and reinsurance contract assets and liabilities (note 2.2).

1.2.3 Foreign currency

Translation of foreign currency transactions and balances

The foreign currency transactions are translated into functional currencies at the balance sheet date, monetary assets and liabilities denominated in foreign currencies are remeasured at the rates of exchange prevailing at that date. Resulting exchange gains and losses are included in profit or loss.

Derivatives and hedging transactions

The Company uses derivatives in mitigating risk associated with foreign currency transactions and balances.

Exchange rates

The principal exchange rates used in the preparation of the financial statements were:

	2024		2023	
	PROFIT OR LOSS	BALANCE SHEET	PROFIT OR LOSS	BALANCE SHEET
A\$/US\$	0.660	0.619	0.664	0.682
£/US\$	1.278	1.252	1.243	1.275

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2024

2. UNDERWRITING ACTIVITIES

Overview

This section provides analysis and commentary on the Company's underwriting activities. Underwriting, in simple terms, is the agreement by the reinsurer to assume reinsurance risk in return for a premium paid by the reinsured. The underwriter assesses the quality of the risk and prices it accordingly.

2.1 Insurance revenue

Overview

Insurance revenue reflects the consideration the Company expects to be entitled to in exchange for providing insurance contract services. Insurance revenue mainly comprises premiums charged for providing insurance coverage, excluding any amounts that are repayable to policyholders in all circumstances (referred to as investment components) and taxes collected on behalf of third parties.

	2024 US\$M	2023 US\$M
Contracts measured under the premium allocation approach		
Insurance revenue from contracts measured under the premium allocation approach	1,478	1,258
Contracts measured under the general model		
Insurance service expenses incurred in the period	16	14
Change in risk adjustment	3	17
Contractual service margin recognised in profit or loss	10	8
Amounts relating to changes in the liability for remaining coverage	29	39
Insurance revenue from contracts measured under the general model	29	39
Insurance revenue	1,507	1,297

How we account for the numbers

The measurement models applicable to measuring insurance and reinsurance contracts are described in note 2.2.1.

Insurance revenue under the premium allocation approach is an allocation of total expected premium to each period of coverage on the basis of the passage of time, or a pattern that reflects the expected timing of incurred insurance service expenses if the expected pattern of incidence of risk differs significantly from the passage of time.

For contracts measured under the general model, insurance revenue comprises changes in the liability for remaining coverage (excluding the loss component) that relate to services provided in the period. The contractual service margin ("CSM"), which represents the unearned profit, is earned to insurance revenue based on a pattern of coverage units which reflects the provision of insurance services over the expected coverage period. The determination of the coverage units' pattern is based on the quantity of benefits provided under the contracts in each period and includes consideration of amounts that can be validly claimed by policyholders if an insured event occurs as well as expected lapses. The movement in the CSM during the period is disclosed in note 2.2.3.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2024

2.2 Insurance and reinsurance contract assets and liabilities

Overview

Insurance contract liabilities represent the rights and obligations arising from insurance and reinsurance contracts issued, and comprise the following components:

- the liability for remaining coverage, being the obligation to provide future insurance services in relation to contracts in force at the balance date; and
- the liability for incurred claims, being the obligation to pay claims reported but not yet paid, IBNR and other incurred insurance service expenses such as claims handling costs.

Reinsurance contract assets represent the rights and obligations arising from reinsurance contracts held, and comprise the following components:

- the asset for remaining coverage, being the amounts that are expected to be recoverable from reinsurers in relation to future insured claims that have not yet been incurred; and
- recoveries on incurred claims, being the amounts that are expected to be recoverable from reinsurers in relation to claims that have been incurred on underlying contracts.

The Company's insurance and reinsurance contracts are aggregated into portfolios, each comprising contracts that are of similar risks and managed together. Portfolios of insurance and reinsurance contracts issued that are assets are presented separately from those that are liabilities on the balance sheet. Similarly, portfolios of reinsurance contracts held that are assets are presented separately from those that are liabilities. There were no portfolios of insurance contracts issued that were assets or portfolios of reinsurance contracts held that were liabilities at the balance date and at 31 December 2023.

	2024			2023		
	PREMIUM ALLOCATION APPROACH US\$M	GENERAL MODEL US\$M	TOTAL US\$M	PREMIUM ALLOCATION APPROACH US\$M	GENERAL MODEL US\$M	TOTAL US\$M
Insurance contract liabilities	3,210	63	3,273	3,399	87	3,486
Reinsurance contract assets	(1,761)	(768)	(2,529)	(1,966)	(717)	(2,683)
Net insurance contract (liabilities) assets	1,449	(705)	744	1,433	(630)	803

How we account for the numbers

Insurance and reinsurance contracts must be measured using a general model, unless the contracts meet certain eligibility criteria, in which case they may be measured using a simplified approach known as the premium allocation approach. Contracts are eligible for the simplified approach if they have coverage periods of one year or less or if the liability for remaining coverage under that approach is not expected to materially differ from that under the general model. The Company applies the premium allocation approach to most of its insurance contracts on the basis that these eligibility requirements are met. The Company applies the premium allocation approach to all reinsurance contracts held, with the exception of loss portfolio transfers, which are measured using the general model.

Critical accounting judgements and estimates

For contracts with coverage periods greater than one year, QBE's eligibility assessment framework involves a qualitative consideration of contract features and, where applicable, modelling of the liability for remaining coverage under a range of reasonably expected scenarios. The following key assumptions and estimates are modelled:

- expected future cash flows and the risk adjustment as described in notes 2.2.1 and 2.2.4;
- pattern of coverage units used to determine the earning pattern of the CSM, which includes consideration of the economic value of policyholders' insurable interests and any contractual limits to amounts that can be claimed under the relevant insurance contracts; and
- expected variability in assumptions used, such as changes in discount rates.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2024

2.2.1 Movement in the net carrying amounts

Insurance contract liabilities

	2024				2023			
	LIABILITY (ASSET) FOR REMAINING COVERAGE EXCLUDING LOSS COMPONENT		LIABILITY FOR INCURRED CLAIMS	TOTAL	LIABILITY (ASSET) FOR REMAINING COVERAGE EXCLUDING LOSS COMPONENT		LIABILITY FOR INCURRED CLAIMS	TOTAL
	NT US\$M	NT US\$M	US\$M	US\$M	NT US\$M	NT US\$M	US\$M	US\$M
Insurance contract liabilities at 1 January	690	16	2,780	3,486	229	36	3,134	3,399
Insurance revenue - contracts under the modified retrospective approach	-	-	-	-	-	-	-	-
Insurance revenue - other contracts	(1,507)	-	-	(1,507)	(1,297)	-	-	(1,297)
Insurance revenue (a)	(1,507)	-	-	(1,507)	(1,297)	-	-	(1,297)
Incurred claims and other attributable expenses	(11)	(5)	1,293	1,277	8	(24)	644	628
Amortisation of insurance acquisition cash flows	15	-	-	15	2	-	-	2
Changes that relate to past service - prior accident years	-	-	(317)	(317)	-	-	142	142
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	4	-	4
Insurance service expenses (b)	4	(5)	976	975	10	(20)	786	776
Insurance service result (a)+(b)	(1,503)	(5)	976	(532)	(1,287)	(20)	786	(521)
Insurance finance expenses (income)	4	-	59	63	(4)	-	78	74
Foreign exchange	(42)	-	(83)	(125)	(22)	-	9	(13)
Statement of comprehensive income	(1,541)	(5)	952	(594)	(1,313)	(20)	873	(460)
Investment components	(7)	-	7	-	(10)	-	10	-
Cash flows and in specie transfers	-	-	-	-	-	-	-	-
Premium and commissions received	1,685	-	-	1,685	1,783	-	-	1,783
Claims and expenses paid	-	-	(1,148)	(1,148)	-	-	(1,237)	(1,237)
Acquisition costs paid	(156)	-	-	(156)	1	-	-	1
Total cash flows	1,529	-	(1,148)	381	1,784	-	(1,237)	547
Insurance contract liabilities at 31 December	671	11	2,591	3,273	690	16	2,780	3,486

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2024

Reinsurance contract assets

	2024				2023			
	ASSET FOR REMAINING COVERAGE EXCLUDING LOSS- RECOVERING COMPONENT US\$M			TOTAL US\$M	ASSET FOR REMAINING COVERAGE EXCLUDING LOSS- RECOVERING COMPONENT US\$M			TOTAL US\$M
	LOSS- RECOVERING COMPONENT US\$M	LOSS- RECOVERING COMPONENT US\$M	RECOVERIES OF INCURRED CLAIMS US\$M		LOSS- RECOVERING COMPONENT US\$M	LOSS- RECOVERING COMPONENT US\$M	RECOVERIES OF INCURRED CLAIMS US\$M	
Reinsurance contract assets at 1 January	626	-	2,057	2,683	112	-	2,328	2,440
Reinsurance expenses (a)	(825)	-	-	(825)	(878)	-	-	(878)
Recovery of incurred claims and other expenses	2	-	522	524	3	-	429	432
Changes in credit risk	-	-	-	-	-	-	2	2
Changes that relate to past service - prior accident years	-	-	(40)	(40)	-	-	33	33
Recovery of losses on onerous contracts and reversals of those recoveries	-	-	-	-	-	-	-	-
Reinsurance income (b)	2	-	482	484	3	-	464	467
Insurance service result (a)+(b)	(823)	-	482	(341)	(875)	-	464	(411)
Reinsurance finance income (expense)	10	-	47	57	40	-	45	85
Foreign exchange	(25)	-	(88)	(113)	(3)	-	(23)	(26)
Statement of comprehensive income	(838)	-	441	(397)	(838)	-	486	(352)
Investment components	-	-	-	-	-	-	-	-
Transfer from other financial asset	-	-	65	65	-	-	34	34
Cash flows								
Premium paid net of ceding commissions received	853	-	-	853	1,352	-	-	1,352
Recoveries and taxes received	-	-	(675)	(675)	-	-	(791)	(791)
Total cash flows	853	-	(675)	178	1,352	-	(791)	561
Reinsurance contract assets at 31 December	641	-	1,888	2,529	626	-	2,057	2,683

How we account for the numbers

The asset or liability for remaining coverage under the premium allocation approach is measured as premiums received net of unamortised acquisition cash flows and amounts recognised as insurance revenue for coverage that has been provided. Insurance acquisition cash flows are amortised over the coverage period of the related insurance contracts on the same basis as the insurance revenue earning pattern (note 2.1) for the business to which the cash flows relate. The liability for remaining coverage is not discounted where the time between providing each part of the services and the related premium due date is no more than a year.

The asset or liability for remaining coverage under the general measurement model is measured as the sum of:

- the present value of future cash flows that are expected to arise as the Company fulfils the contracts, which mainly comprise premium, claims and attributable expenses;
- a risk adjustment for non-financial risk (note 2.2.4); and
- a contractual service margin, representing the profit that has not yet been recognised in profit or loss as it relates to future services to be provided over the remaining coverage of the insurance contracts.

The liability for remaining coverage includes a loss component which depicts amounts recognised on onerous contracts. A corresponding loss-recovery component within the reinsurance asset for remaining coverage depicts amounts recoverable in respect of losses on onerous contracts when covered by applicable reinsurance contracts held.

Under both measurement models, the liability for incurred claims (and corresponding recoveries of incurred claims) is measured as the fulfilment cash flows (sum of the present value of future cash flows and a risk adjustment) relating to incurred claims and attributable expenses that have not yet been paid, including claims that have been incurred but not yet reported.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2024

Critical accounting judgements and estimates

The determination of the amounts that the Company will ultimately pay for claims arising under insurance and reinsurance contracts issued involves a number of critical assumptions. Some of the uncertainties impacting these assumptions are as follows:

- changes in patterns of claims incidence, reporting and payment;
- volatility in the estimation of future costs for long-tail classes due to the longer period of time that can elapse before a claim is paid in full;
- existence of complex underlying exposures;
- incidence of catastrophic events close to the balance date;
- changes in the legal environment, including the interpretation of liability laws and the quantum of damages; and
- changing social, environmental, political and economic trends, for example price and wage inflation.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims that have been reported to the Company but are not yet paid, for which more information about claims is generally available. The notification and settlement of claims relating to liability and other long-tail classes of business may not happen for many years after the event giving rise to the claim. As a consequence, liability and other long-tail classes typically display greater variability between initial estimates and final settlement due to delays in reporting claims and uncertainty in respect of court awards and future claims inflation. Claims in respect of property and other short-tail classes are typically reported and settled soon after the claim event, typically giving rise to less uncertainty.

Estimates of future cash flows for each class of business are determined using a variety of estimation techniques, generally based on an analysis of historical experience and with reference to external benchmarks where relevant. The cash flows are discounted to present value using appropriate discount rates as described in note 2.2.5.

Onerous contracts

Insurance contracts are onerous when the liability for remaining coverage is insufficient to pay future claims and other insurance service expenses attributable to the contracts.

Contracts that are measured using the premium allocation approach are assumed not to be onerous unless facts and circumstances indicate otherwise. In identifying facts and circumstances that may be indicators of onerous contracts, the Company has considered management information for planning and performance management, in combination with other indicators where relevant. If there are facts and circumstances that may indicate the existence of possible onerous contracts, the onerous contract losses are measured based on the extent to which the fulfilment cash flows attributable to the group of contracts exceed the liability for remaining coverage for that group.

Under both measurement models, onerous contract losses are measured on a gross basis (excluding the effect of reinsurance contracts held) and are immediately recognised in profit or loss. A loss component of the liability for remaining coverage is established (or increased) to depict the onerous contract losses recognised. Where the onerous contracts are covered by reinsurance contracts held, reinsurance income is recognised in profit or loss and a corresponding loss-recovery component of the reinsurance asset for remaining coverage is established to depict expected recoveries attributable to the onerous contract losses.

The consideration of facts and circumstances as well as the measurement of any onerous contract losses are determined separately for each underwriting year within a portfolio of contracts that are of similar risks and managed together.

2.2.2 Movement in the net liability for incurred claims

	2024			2023		
	PREMIUM ALLOCATION APPROACH US\$M	GENERAL MODEL US\$M	TOTAL US\$M	PREMIUM ALLOCATION APPROACH US\$M	GENERAL MODEL US\$M	TOTAL US\$M
Net liability for incurred claims						
Insurance contract liabilities	2,558	33	2,591	2,740	40	2,780
Reinsurance contract assets	(1,731)	(157)	(1,888)	(1,974)	(83)	(2,057)
Net liability for incurred claims	827	(124)	703	766	(43)	723

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FOR THE YEAR ENDED 31 DECEMBER 2024

The movements in the net liability for incurred claims for contracts measured under the premium allocation approach are analysed in the tables below:

Insurance contract liabilities

	2024			2023		
	PRESENT VALUE OF FUTURE CASH FLOWS US\$M	RISK ADJUSTMENT US\$M	LIABILITY FOR INCURRED CLAIMS US\$M	PRESENT VALUE OF FUTURE CASH FLOWS US\$M	RISK ADJUSTMENT US\$M	LIABILITY FOR INCURRED CLAIMS US\$M
Insurance contract liabilities at 1 January	2,493	247	2,740	2,812	264	3,076
Incurred claims and other attributable expenses	1,246	32	1,278	671	47	718
Changes that relate to past service - prior accident years	(272)	(29)	(301)	142	(61)	81
Insurance service expenses	974	3	977	813	(14)	799
Insurance service result	974	3	977	813	(14)	799
Insurance finance expenses	54	5	59	86	(8)	78
Foreign exchange	(80)	1	(79)	9	5	14
Statement of comprehensive income	948	9	957	908	(17)	891
Investment components	7	-	7	8	-	8
Cash flows						
Claims and expenses paid	(1,146)	-	(1,146)	(1,235)	-	(1,235)
Insurance contract liabilities at 31 December	2,302	256	2,558	2,493	247	2,740

Reinsurance contract assets

	2024			2023		
	PRESENT VALUE OF FUTURE CASH FLOWS US\$M	RISK ADJUSTMENT US\$M	RECOVERIES OF INCURRED CLAIMS US\$M	PRESENT VALUE OF FUTURE CASH FLOWS US\$M	RISK ADJUSTMENT US\$M	RECOVERIES OF INCURRED CLAIMS US\$M
Reinsurance contract assets at 1 January	1,816	158	1,974	2,106	218	2,324
Recovery of incurred claims and other expenses	355	2	357	271	23	294
Changes in credit risk	-	-	-	2	-	2
Changes that relate to past service - prior accident years	(36)	(4)	(40)	84	(80)	4
Reinsurance income	319	(2)	317	357	(57)	300
Insurance service result	319	(2)	317	357	(57)	300
Reinsurance finance income (expense)	42	5	47	50	(3)	47
Foreign exchange	(88)	(2)	(90)	(23)	-	(23)
Statement of comprehensive income	273	1	274	384	(60)	324
Investment components	-	-	-	-	-	-
Transfer from other financial asset	65	-	65	34	-	34
Cash flows						
Recoveries and taxes received	(582)	-	(582)	(708)	-	(708)
Total cash flows	(582)	-	(582)	(708)	-	(708)
Reinsurance contract assets at 31 December	1,572	159	1,731	1,816	158	1,974

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2024

2.2.3 Analysis of contracts measured under the general model

Insurance contract liabilities

	2024				2023			
	PRESENT VALUE OF FUTURE CASH FLOWS US\$M	RISK ADJUSTMENT US\$M	CONTRACTUAL SERVICE MARGIN US\$M	TOTAL US\$M	PRESENT VALUE OF FUTURE CASH FLOWS US\$M	RISK ADJUSTMENT US\$M	CONTRACTUAL SERVICE MARGIN US\$M	TOTAL US\$M
Insurance contract liabilities at 1 January	61	5	21	87	68	20	38	126
Changes that relate to current service								
Contractual service margin release for services provided	-	-	(10)	(10)	-	-	(8)	(8)
Changes in risk adjustment	-	(3)	-	(3)	-	(17)	-	(17)
Experience adjustments	(1)	-	-	(1)	8	-	-	8
	(1)	(3)	(10)	(14)	8	(17)	(8)	(17)
Changes that relate to future service								
Contracts initially recognised in the period	(11)	1	10	-	(4)	-	4	-
Changes that adjust the contractual service margin	(4)	(1)	5	-	12	2	(14)	-
	(15)	-	15	-	8	2	(10)	-
Changes that relate to past service								
Adjustments to liability for incurred claims	(16)	(1)	-	(17)	(34)	-	-	(34)
	(16)	(1)	0	(17)	(34)	-	-	(34)
Insurance service result	(32)	(4)	5	(31)	(18)	(15)	(18)	(51)
Insurance finance expenses	3	-	1	4	1	-	1	2
Foreign exchange	(5)	(4)	(1)	(10)	1	-	-	1
Statement of comprehensive income	(34)	(8)	5	(37)	(16)	(15)	(17)	(48)
Cash flows								
Premium received	14	-	-	14	11	-	-	11
Claims and expenses paid	(1)	-	-	(1)	(2)	-	-	(2)
Total cashflows	13	-	-	13	9	-	-	9
Insurance contract liabilities at 31 December	40	(3)	26	63	61	5	21	87

Contracts initially recognised in the period

The following table provides an analysis of contracts measured under the general model that were initially recognised in the period:

	2024	2023
	TOTAL US\$M	TOTAL US\$M
Claims and other insurance service expenses payable	4	4
Estimates of the present value of future cash outflows	4	4
Estimates of the present value of future cash inflows	(15)	(8)
Risk adjustment	1	-
Contractual service margin	10	4
Movement in insurance contract liabilities	-	-

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2024

Contractual service margin by transition method

The following table provides an analysis of contractual service margin by transition method:

	2024			2023		
	CONTRACTS UNDER THE MODIFIED RETROSPECTIVE TRANSITION APPROACH US\$M	OTHER CONTRACTS US\$M	TOTAL US\$M	CONTRACTS UNDER THE MODIFIED RETROSPECTIVE TRANSITION APPROACH US\$M	OTHER CONTRACTS US\$M	TOTAL US\$M
At 1 January	14	7	21	32	6	38
Changes that relate to current service						
Contractual service margin release for services provided	(5)	(5)	(10)	(5)	(3)	(8)
Changes that relate to future service						
Contracts initially recognised in the period	-	10	10	-	4	4
Changes in estimates that adjust the contractual service margin	3	2	5	(14)	-	(14)
Insurance service result	(2)	7	5	(19)	1	(18)
Insurance finance income (expenses)	-	1	1	1	-	1
Foreign exchange	(1)	-	(1)	-	-	-
Statement of comprehensive income	(3)	8	5	(18)	1	(17)
At 31 December	11	15	26	14	7	21

Reinsurance contract assets

	2024			2023		
	PRESENT VALUE OF FUTURE CASH FLOWS US\$M	RISK ADJUSTMENT US\$M	TOTAL US\$M	PRESENT VALUE OF FUTURE CASH FLOWS US\$M	RISK ADJUSTMENT US\$M	TOTAL US\$M
Reinsurance contract assets at 1 January	672	37	709	162	-	162
Changes that relate to current service						
Contractual service margin release for services provided	-	-	-	-	-	-
Changes in risk adjustment	-	(14)	(14)	-	(13)	(13)
Experience adjustments	-	-	-	-	-	-
	-	(14)	(14)	-	(13)	(13)
Changes that relate to future service						
Contracts initially recognised in the period	(16)	10	(6)	123	57	180
Changes in estimates that do not adjust the contractual service margin	18	1	19	(59)	(5)	(64)
	2	11	13	64	52	116
Changes that relate to past service						
Adjustments to recoveries on incurred claims	-	-	-	-	-	-
	-	-	-	-	-	-
Reinsurance service result	2	(3)	(1)	64	39	103
Reinsurance finance income (expenses)	10	-	10	42	(2)	40
Foreign exchange	(2)	-	(2)	16	-	16
Statement of comprehensive income	10	(3)	7	122	37	159
Cash flows						
Premium paid and attributable expenses paid	145	-	145	471	-	471
Recoveries received	(93)	-	(93)	(83)	-	(83)
Total cash flows	52	-	52	388	-	388
Reinsurance contract assets at 31 December	734	34	768	672	37	709

The Company applies the general model to reinsurance loss portfolio transfer contracts that reinsure certain prior accident year claims liabilities. Per the requirements of AASB 17, no CSM is recognised as the net loss is recognised in the statement of profit or loss at initial recognition.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2024

Contracts initially recognised in the period

The following table provides an analysis of contracts measured under the general model that were initially recognised in the period:

	2024	2023
	TOTAL US\$M	TOTAL US\$M
Estimates of the present value of future cash outflows	(138)	(472)
Estimates of the present value of future cash inflows	122	595
Risk adjustment	10	57
Contractual service margin	-	-
Movement in reinsurance contract assets	(6)	180

2.2.4 Risk adjustment

The risk adjustment included in the liability for incurred claims (net of reinsurance held) corresponds to a confidence level of 77.1%. The net liability for incurred claims includes assumed and ceded loss portfolio transfer contracts.

How we account for the numbers

The risk adjustment reflects the compensation required for bearing uncertainty about the amount and timing of cash flows that arises from non-financial risk. For contracts measured under the premium allocation approach, unless the non-loss portfolio transfer (LPT) contracts are onerous, an explicit risk adjustment for non-financial risk is only estimated for the measurement of the liability for incurred claims.

The risk adjustment is determined with reference to QBE Group's weighted average cost of economic capital allocated to earned reserve risk of the Company, where earned reserve risk includes LPTs. The risk adjustment also reflects the benefit from the diversification of risk classes and geographical allocations of the Group. The Group aims to maintain a risk adjustment for the net outstanding claims liability (being claims reserves within the liability for incurred claims inclusive of the net impact from loss portfolio transfers) in the range of 6% to 8% of the net present value of outstanding claims cash flows, which is then allocated to the Company based on the relative uncertainty of its reserves compared to the rest of the Group.

Changes in the risk adjustment are disaggregated between the insurance service result and insurance and reinsurance finance income and expenses.

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Critical accounting judgements and estimates

The risk adjustment represents the compensation the Company requires for bearing the uncertainty in the net discounted estimate of future cash flows within the insurance liabilities. The determination of the appropriate level of risk adjustment takes into account:

- the level of economic capital that Group allocates to support the net discounted cash flows and the weighted average cost of servicing that capital;
- the run-off profile and term to settlement of the net discounted cash flows;
- mix of business, in particular the mix of short-tail and long-tail business;
- the benefit of diversification between classes of business and geographic locations across the QBE Group; and
- the level of uncertainty in the central estimate due to estimation error, data quality, variability of key inflation assumptions, and possible economic and legislative changes.

The uncertainty by class of business is measured using techniques that determine a range of possible outcomes of ultimate payments and assign a likelihood to outcomes at different levels. These techniques generally use standard statistical distributions, and the measure of variability is referred to as the coefficient of variation.

The allocation of risk adjustment to the Company is based on the Company's standard deviation relative to the mean (central estimate) where the mean represents the expected future cashflows.

The confidence level for the Company is determined by analysing the variability of each class of business and the correlation between classes of business. Correlations are determined for aggregations of classes of business, where appropriate. The correlations adopted by the Company are generally derived from industry analysis, the Company's historical experience, and the judgement of experienced and qualified actuaries.

2.2.5 Discount rates used to estimate the present value of future cash flows

Overview

Claims in relation to long-tail classes of business (e.g. casualty and financial lines) typically may not settle for many years. As such, the liability is discounted to reflect the time value of money. The table below summarises the weighted average discount rate for each operating segment.

The following yield curves were used to discount the estimates of future cash flows:

	2024			2023		
	1 YEAR	5 YEARS	10 YEARS	1 YEAR	5 YEARS	10 YEARS
Australian dollar	4.35%	4.28%	4.74%	4.53%	3.95%	4.29%
US dollar	4.58%	4.74%	4.91%	5.55%	4.23%	4.20%
Sterling	4.80%	4.54%	4.99%	5.18%	3.68%	3.92%
Euro	2.63%	2.43%	2.69%	3.84%	2.21%	2.34%
Hong Kong dollar	3.90%	3.77%	4.10%	4.58%	3.46%	3.55%
New Zealand dollar	3.30%	3.30%	3.58%	5.79%	4.51%	4.70%

How we account for the numbers

AASB 17 *Insurance Contracts* requires the estimates of future cash flows to be discounted to reflect the time value of money and financial risks related to those cash flows. A bottom-up approach is applied to determine the discount rates used to discount insurance and reinsurance contract cash flows, which uses risk-free rates adjusted to reflect the liquidity characteristics of the insurance contracts.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2024

Critical accounting judgements and estimates

The illiquidity premium within discount rates is derived based on the long-term weighted average credit spread of a reference portfolio of assets with a similar currency mix and weighted average duration as the related insurance liabilities over the longer term. The effect of credit risk and other factors that are not relevant to the illiquidity characteristics of insurance contracts is eliminated to estimate the portion of the spread that reflects the illiquidity premium.

2.2.6 Maturity profile of the net insurance contract liabilities

Overview

The maturity profile is the Company's expectation of the period over which the cash flows arising from insurance and reinsurance contracts will be settled. The Company uses this information to ensure that it has adequate liquidity to pay claims and expenses as they are due to be settled and to inform the Company's investment strategy.

Expected timing of settlement of the present value of future cash flows

The following table summarises the expected maturity profile of the present value of future cash flows within the Company's insurance and reinsurance contract assets and liabilities. The net liabilities for remaining coverage measured under the premium allocation approach are excluded from the below.

	1 YEAR OR LESS	13 TO 24 MONTHS	25 TO 36 MONTHS	37 TO 48 MONTHS	49 TO 60 MONTHS	OVER 5 YEARS	TOTAL
2024	US\$M	US\$M	US\$M	US\$M	US\$M	US\$M	US\$M
Insurance contract liabilities	1,079	447	272	189	128	198	2,313
Reinsurance contract assets	1,091	374	247	169	115	304	2,300
2023	US\$M	US\$M	US\$M	US\$M	US\$M	US\$M	US\$M
Insurance contract liabilities	1,264	488	281	197	124	200	2,554
Reinsurance contract assets	1,116	443	284	181	137	317	2,478

There were no amounts payable on demand at the balance date (2023 nil).

Expected timing of contractual service margin release

The following table sets out when the Group expects to recognise the remaining contractual service margin in profit or loss:

	2024			Total US\$M	2023			Total US\$M
	1 YEAR OR LESS US\$M	2 TO 5 YEARS US\$M	MORE THAN 5 YEARS US\$M		1 YEAR OR LESS US\$M	2 TO 5 YEARS US\$M	MORE THAN 5 YEARS US\$M	
Insurance contracts issued	7	14	5	26	4	12	5	21

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2024

2.2.7 Impact of changes in key variables on the net insurance contract liabilities

Overview

The impact of changes in key variables used in the calculation of the net insurance contract liabilities is summarised in the table below and is shown gross and net of reinsurance held. Each change has been calculated in isolation from the other changes and shows the after-tax impact on profit or loss assuming that there is no change to any of the other variables. In practice, this is considered unlikely to occur as, for example, an increase in interest rates is normally associated with an increase in the rate of inflation. Over the medium to longer term, the impact of a change in discount rates is expected to be largely offset by the impact of a change in the rate of inflation.

The sensitivities below assume that all changes directly impact profit after tax. In practice, if the present value of future cash flows was to increase, it is possible that part of the increase may result in an offsetting change in the level of risk adjustment required rather than in a change to profit or loss after tax, depending on the nature of the change in the cash flow estimate and risk outlook.

	SENSITIVITY	PROFIT (LOSS)			
		GROSS		NET	
		2024 US\$M	2023 US\$M	2024 US\$M	2023 US\$M
Present value of future cash flows	+5	(107)	(112)	(10)	(9)
	-5	107	112	10	9
Risk adjustment	+5	(13)	(13)	(4)	(3)
	-5	13	13	4	3
Inflation rate	+1	(40)	(42)	2	8
	-1	42	44	(3)	(9)
Discount rate ¹	+1	42	44	(3)	(9)
	-1	(40)	(42)	2	8
Weighted average term to settlement	+10	27	28	6	3
	-10	(28)	(28)	(6)	(3)

¹ The impact of reasonably possible changes in interest rates on interest-bearing financial assets owned by the Company at the balance date is shown in note 4.4.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2024

2.3 Claims development - net liability for incurred claims

Overview

The claims development table demonstrates the extent to which the original estimate of net ultimate claims payments in any one accident year (item (a) in the table below) has subsequently developed favourably (i.e. claims cost estimates have reduced) or unfavourably (i.e. further claims expense has been recognised in subsequent years). This table therefore illustrates the variability and inherent uncertainty in estimating the expected claims cash flows each year. The ultimate claims cost for any particular accident year is not known until all claims payments have been made which, for some long-tail classes of business, could be many years into the future. The estimate of net ultimate claims payments at the end of each subsequent accident year demonstrates how the original estimate has been revised over time (b).

Cumulative net claims payments (d) are deducted from the estimate of net ultimate claims payments in each accident year (c) at the current balance date, resulting in the undiscounted claims estimate at a fixed rate of exchange (e). This is revalued to the balance date rate of exchange (f) to report the net undiscounted claims estimate (g), which is reconciled to the net liability for incurred claims (h). The treatment of foreign exchange in the claims development table is explained below.

The net increase (decrease) in estimated net ultimate claims payments (i) reflects the estimated ultimate net claims payments at the end of the current financial year (c) less the equivalent at the end of the previous financial year (b).

The claims development table is presented net of reinsurance.

	2019 & Prior	2020	2021	2022	2023	2024	Total
Net ultimate claims payments	US\$M	US\$M	US\$M	US\$M	US\$M	US\$M	US\$M
(a) Original estimate of net ultimate claims payments		19	140	314	332	495	
(b) One year later		55	165	409	386	-	
Two years later		200	167	415	-	-	
Three years later		142	187	-	-	-	
Four years later		146	-	-	-	-	
(c) Current estimate of net ultimate claims payments		146	187	415	386	495	1,629
(d) Cumulative net payments to date		(108)	(137)	(265)	(183)	(79)	(772)
(e) Net undiscounted central estimate at fixed rate of exchange	(91)	38	50	150	203	416	766
(f) Foreign exchange impact							(3)
Provision for impairment							3
(g) Net undiscounted central estimate at 31 Dec 2024							766
Discount to present value							(67)
Other attributable cash flows							(196)
DivRI Adjustment							94
Risk adjustment							106
(h) Net liability for incurred claims at 31 Dec 2024 (note 2.2.1)							703
(i) Movement in estimated net ultimate claims payments	19	4	20	6	54	495	598

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How we account for the numbers

The estimate of net ultimate claims payments attributable to business acquired is included in the claims development table in the accident year in which the acquisition was made. This includes the acquisition of net outstanding claims liabilities via loss portfolio transfers.

The Company writes business in many currencies. The translation of estimated net ultimate claims payments denominated in foreign currencies gives rise to foreign exchange movements which have no direct bearing on the development of the underlying claims. To eliminate this distortion, estimated net ultimate claims payments have been translated to the functional currencies of our controlled entities at constant rates of exchange. All estimates of ultimate claims payments for the 10 most recent accident years reported in functional currencies other than US dollars have been translated to US dollars using 2024 average rates of exchange.

2.4 Other receivables

Overview

Treasury and investment receivables are amounts due from counterparties in settlement of treasury and investment transactions.

	2024 US\$M	2023 US\$M
Amounts due from related entities ¹	432	446
Investment receivables	10	10
Other receivables	1	1
Trade and other receivables	443	457
Receivable within 12 months	443	457
Receivable in greater than 12 months	-	-
Trade and other receivables	443	457

¹ Included in amounts due from related entities is a loan totalling \$402 million (2023 \$421 million) to QBE Strategic Capital (Europe) Limited, on commercial terms. The loan has been rolled until 12 November 2025 with an interest rate of 5.92%.

Due to the predominantly short-term nature of these receivables, the carrying value is assumed to approximate the fair value.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables. As at 31 December 2024, no receivables are pledged by the Company as collateral for liabilities. Information on the ageing and credit rating of these balances is included in note 4.3.

How we account for the numbers

Receivables are recognised initially at fair value and are subsequently measured at amortised cost less any impairment.

Receivables are assessed for impairment based on both incurred and expected credit losses, the impacts of which are not material. Any increase or decrease in the provision for impairment is recognised in profit or loss within non attributable expenses.

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2.5 Other payables

Overview

Treasury and investment payables are amounts due to counterparties in settlement of treasury and investment transactions.

	2024 US\$M	2023 US\$M
Other payables and accrued expenses	13	6
Investment payables	2	4
Amounts due to related entities	1	1
Other payables	16	11
Payable within 12 months	16	11
Payable in greater than 12 months	-	-
Other payables	16	11

How we account for the numbers

Other payables are recognised initially at their fair value.

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3. INVESTMENT ACTIVITIES

Overview

Premiums collected from policyholders are invested to meet the Company's cash flow needs to pay claims and other expenses, as well as generating a return that contributes to the Company's profitability. A sound investment strategy is therefore integral to the success of the Company's operations.

The Company invests across a diversified range of instruments to achieve an appropriate balance between risk and return. Decisions on where to invest are dependent on expected returns, cash flow requirements of the Company, liquidity of the instrument, credit quality of the instrument, and the Company's overall risk appetite. Further details on the management of risk associated with investment assets can be found in note 4.

The Company's investment assets are categorised as either backing policyholders' or shareholders' funds, with the former being investment assets which back insurance liabilities whilst the latter comprises all other investment assets.

3.1 Investment income

	2024 US\$M	2023 US\$M
Income on growth assets	22	13
Income on fixed interest securities, short-term money and cash ¹	99	108
(Loss) on other financial assets	(65)	(134)
Gross investment (loss)	56	(13)
Investment expenses	(2)	(2)
Net investment (loss)	54	(15)
Foreign exchange movement	(4)	(13)
Total investment income (loss)	50	(28)
Investment income (loss) - policyholders' funds	16	(132)
Investment expenses - policyholders' funds	-	-
Investment income - shareholders' funds	36	106
Investment expenses - shareholders' funds	(2)	(2)
Total investment income (loss)	50	(28)

¹ Includes intercompany interest income of \$25 million (2023: interest income of \$22 million)

How we account for the numbers

Interest income is recognised in the period in which it is earned. Dividends and distributions are recognised when the right to receive payment is established. Investment income includes realised and unrealised gains or losses on financial assets which are reported on a combined basis as fair value gains or losses on financial assets.

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3.2 Investment assets

	2024 US\$M	2023 US\$M
Fixed income		
Short-term money	191	91
Government bonds	357	369
Corporate bonds	573	717
Emerging Market Debt	75	67
High Yield Debt	56	33
	1,252	1,277
Growth assets		
Developed market equity	32	26
Unlisted property trusts	42	44
Infrastructure assets	136	174
Alternatives	70	
	280	244
Other financial assets	94	159
Total investments	1,626	1,680
Amounts maturing within 12 months	390	401
Amounts maturing in greater than 12 months	1,236	1,279
Total investments	1,626	1,680

How we account for the numbers

Investments are required to be measured at fair value through profit or loss, and are managed and assessed on a fair value basis to optimise returns within risk appetites and investment strategy parameters and limits. They are initially recognised at the cost of acquisition excluding transaction costs and are subsequently remeasured to fair value through profit or loss at each reporting date. The fair value hierarchy and the Company's approach to measuring the fair value of each investment instrument is disclosed in note 3.2.1.

All purchases and sales of investments that require delivery of the asset within the timeframe established by regulation or market convention are recognised at trade date, being the date on which the Company commits to buy or sell the asset. Investments are derecognised when the right to receive future cash flows from the asset has expired or has been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Group Aggregate Risk Cover

In 2016, the Company entered into agreements with each QBE division, whereby the divisions reassigned their rights to recoveries under the external Group Aggregate Risk (GAR) reinsurance program, across accident years with effective dates 1 January 2011 through 2014, to the Company. In exchange for this reassignment of recoveries, the Company paid cash to each division, equivalent to the discounted central estimate of their share of the GAR recovery at the date of the rights reassignment.

The amount recognised as other financial assets represents the portion of the GAR asset that does not directly relate to the underwriting activities of the Company and henceforth any gain or loss on the asset (relating to divisional claims experience) is recognised in the statement of comprehensive income as investment and other income related to shareholder funds.

The asset is classified as a 'financial asset held at fair value through profit and loss' according to AASB 9. The asset is presented under "Other Financial Assets" in the tables above and below.

Other divisional reinsurance covers

In addition, the Company has assumed gross outstanding claims provisions from the divisions which contribute to recoveries on certain QBE Group reinsurance treaties across multiple accident years, where each of the divisions has applicable retained losses that contribute to recoveries on these QBE Group reinsurance treaties. All the recoveries are recovered by the Company.

The recoveries have been split into the share that relates to the Company's claims and the portion that relates to the claims retained in the divisions. The Company's share of the recoveries are accounted for as a reinsurance asset. The divisional portions of the recoveries are reported as a financial asset rather than a reinsurance asset. This is because the asset value is based on divisional claims, which have no impact on the Company's underwriting profit and loss or balance sheet.

The asset is classified as a 'financial asset held at fair value through profit and loss' according to AASB 9. The asset is presented under "Other Financial Assets" in the tables above and below.

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FOR THE YEAR ENDED 31 DECEMBER 2024

3.2.1 Fair value hierarchy

Overview

The Company's Board Risk and Capital Committee is responsible for the governance and oversight of the investment valuation process. The fair value of investments is determined in accordance with the Company's investment valuation policy. This Board committee reviews the advice and recommendation of the Management Investment and Capital Committee.

The investments of the Company are disclosed in the table below using a fair value hierarchy which reflects the significance of inputs into the determination of fair value as follows:

Level 1: Valuation is based on quoted prices in active markets for the same instruments.

Level 2: Valuation is based on quoted prices for identical instruments in markets which are not active, quoted prices for similar instruments, or valuation techniques for which all significant inputs are based on observable market data, for example, consensus pricing using broker quotes or valuation models with observable inputs.

Level 3: Valuation techniques are applied in which one or more significant inputs are not based on observable market data.

	2024				2023			
	LEVEL 1 US\$M	LEVEL 2 US\$M	LEVEL 3 US\$M	TOTAL US\$M	LEVEL 1 US\$M	LEVEL 2 US\$M	LEVEL 3 US\$M	TOTAL US\$M
Fixed income								
Short-term money	4	187	-	191	7	84	-	91
Government bonds	289	68	-	357	261	108	-	369
Corporate bonds	-	573	-	573	-	717	-	717
Emerging Market Debt	-	75	-	75	-	67	-	67
High Yield Debt	-	56	-	56	-	33	-	33
	293	959	-	1,252	268	1,009	-	1,277
Growth assets								
Developed market equity	32	-	-	32	26	-	-	26
Unlisted property trusts	-	-	42	42	-	-	44	44
Infrastructure assets	-	-	136	136	-	-	174	174
Alternatives	-	70	-	70	-	-	-	-
	32	70	178	280	26	-	218	244
Other financial assets	-	-	94	94	-	-	159	159
Total investments	325	1,029	272	1,626	294	1,009	377	1,680

The Company's approach to measuring the fair value of investments is described below:

Short-term money

Cash managed as part of the investment portfolio is categorised as a level 1 fair value measurement. Term deposits are valued at par and are classified as level 2 fair value measurement. Other short-term money (bank bills, certificates of deposit, treasury bills and other short-term instruments) is priced using interest rates and yield curves observable at commonly quoted intervals and is categorised as a level 2 measurement.

Government bonds, corporate bonds, emerging market debt and high yield debt

Government bonds, corporate bonds and high yield debt are valued based on quoted process sourced from external data providers. The fair value categorisation of these assets is based on the observability of the inputs.

Developed market equity

These assets mainly comprise listed equities traded in active markets valued by reference to quoted bid prices.

Unlisted property trusts and infrastructure assets

These assets are valued using current unit process as advised by the responsible entity, trustee or equivalent of the investment management scheme. As the valuation techniques require the use of significant unobservable inputs, these assets have been categorised as level 3.

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Alternatives

The assets comprise investments in strategic unlisted investment where unlisted investments are valued based on other valuation techniques utilising significant observable inputs.

Other financial assets

The financial asset is not actively traded and therefore no external price or benchmark exists. It is valued using commonly accepted actuarial valuation techniques taking into consideration the value of the underlying assets upon which the financial asset is based, and the expected timing of future cashflows relating to this asset.

Movements in level 3 investments

The following table provides an analysis of investments valued with reference to level 3 inputs.

	2024	2023
LEVEL 3	US\$M	US\$M
At 1 January	377	544
Purchases	5	5
Disposals	(52)	(9)
Fair value movement recognised in profit or loss	7	(129)
Transfer to reinsurance assets	(65)	(34)
Foreign exchange	-	-
At 31 December	272	377

3.2.2 Charges over investments and restrictions on use

Included in investments are amounts totalling \$491 million (2023: \$541 million) which are held in portfolio trust funds for the benefit of various QBE ceding affiliates. These funds can only be used to settle such recoverable amounts and amounts cannot be withdrawn from the funds without the permission of the respective QBE ceding affiliate.

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4. RISK MANAGEMENT

Overview

The Company is in the business of managing risk. The Company's ability to satisfy policyholder needs is central to what we do. The Company aims to generate wealth and maximise returns for its shareholder by pursuing opportunities that involve risk. Our people are responsible for ensuring that the Company's risks are identified, managed and controlled on a day-to-day basis. The Company aims to understand and manage its risk in order to provide increased certainty and improved outcomes for all stakeholders.

The Company employs QBE's consistent and integrated approach to Enterprise Risk Management (ERM). QBE's global risk management framework sets out the approach to managing key risks effectively and delivering strategic objectives whilst taking into account the creation of value for shareholders. QBE's risk management framework is articulated in QBE Group Risk Management Strategy (RMS) and Reinsurance Management Strategy (ReMS), both of which are approved annually by the QBE Group Board and lodged with APRA and shared with the BMA.

The ERM framework consists of complementary elements that are embedded throughout the business management cycle and culture of the organisation. Key aspects include strategic planning, risk appetite and capital management; risk governance, monitoring and reporting; risk identification, measurement and mitigation; risk management systems, risk management skills and capabilities; and risk culture.

Risk Management is a continuous process and an integral part of robust business management. The Company's approach is to integrate risk management into the broader management processes of the organisation. Specifically, the management of risk must occur at each point in the business management cycle.

The Company's strategy for managing risk is to:

- achieve competitive advantage by better understanding the risk environments in which we operate;
- give confidence to the business to make objective, risk-based decisions to optimise returns; and
- avoid unwelcome surprises to the achievement of business objectives by reducing uncertainty and volatility through the identification and management of risks.

The framework is supported by a suite of risk policies that detail the Company's approach to the following key risk categories used by the Company to classify risk:

- Strategic risk (note 4.1);
- Insurance risk (note 4.2);
- Credit risk (note 4.3);
- Market risk (note 4.4);
- Liquidity risk (note 4.5);
- Operational risk (note 4.6);
- Compliance risk (note 4.7); and
- Group risk (note 4.8).

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4.1 Strategic risk

Overview

Strategic risk is the current and prospective impact on earnings and/or capital as a result of strategic business decisions or responsiveness to external change. The Company classifies strategic risk into six subcategories, as follows:

- Performance risk: The Company is not able to achieve its performance objectives.
- Capital risk: The Company's structure and availability of capital does not meet regulatory requirements and/or support strategic initiatives.
- Reputational risk: The Company's stakeholders have a negative perception of the Company's brand which may damage the Company's reputation and threaten overall performance.
- Environmental, Social and Governance (ESG) risk: Negative impact to the Company's strategic priorities or objectives by environmental (including climate change), social or governance issues.
- Emerging risk: New or future risks which are difficult to assess but may have a significant impact to the Company or the markets it operates in.

The Company's approach to managing strategic risk is summarised below.

Performance risk

Failure to deliver acceptable performance can result in stakeholders losing confidence in the Company, impacting our reputation and ultimately impacting our ability to deliver our strategic objectives.

The Company evaluates performance risk by assessing potential earnings volatility against its risk appetite and considering the changing levels of risk in its business plan. The plan is supported by an established regime of attestations by the chief actuary, chief financial officer, VP Treaty Underwriter and Head of Risk & Compliance, enabling action prior to signing off the business plan and making market commitments. Performance risk is monitored throughout the year against committed business plans (supported by performance monitoring and mid-year risk reviews).

Capital risk

The Company's objective when managing capital is to maintain an optimal capital structure to generate an acceptable return on capital whilst meeting capital adequacy requirements, providing security for policyholders, and continuing to provide returns to its shareholder.

Where appropriate, adjustments are made to capital levels in light of changes in economic conditions and risk characteristics of the Company. In order to maintain or adjust the capital structure, the Company has the option to adjust the amount of dividends paid to the shareholder, return capital or issue new shares.

The Company uses an economic capital model (ECM) to assess the level of capital required for the underwriting, claims estimation, credit, market, liquidity and operational risk to which it is exposed. Economic capital is determined as the level of capital that the Company needs to ensure that it can, with a pre-specified probability, satisfy its ultimate policyholder obligations in relation to all reinsurance contracts issued on or before the end of the business plan year. The ECM is used by management to inform decisions on capital strategy, risk appetites, business planning, reinsurance arrangements, and pricing.

As a Class 4 insurer, the Company is subject to the capital requirements of the Bermuda Monetary Authority (BMA). These requirements are designed to ensure sufficient capital is maintained to provide adequate protection for policyholders and maintain Solvency II equivalence. For the current period the Company met the minimum and surplus requirements as prescribed by the BMA. The Company also met minimum liquidity margins.

The Company believes that insurer financial strength ratings provided by the major rating agencies are an important factor in demonstrating the financial strength and claims paying ability. The Company is rated "A+/Positive" by Standard & Poor's (2023 A+/Stable) and A+, Outlook Positive (2023 A+, Outlook Stable) by Fitch Ratings as at 31 December 2024. The Company obtained a new rating ("A/Excellent") from AM Best during the period.

Management monitors and actively manages the Company's capital levels on an ongoing basis. Management has a particular focus on the level of eligible regulatory capital that exceeds the BMA requirements. The Board has determined a capital risk appetite, with an associated 'within appetite' range of regulatory capital as a percentage of the Bermuda Solvency Capital Requirement (BSCR). As at 31 December 2024, the capital coverage ratio was 300% (2023: 330%).

The Company has dedicated staff responsible for understanding the regulatory capital requirements of the entity. These staff regularly interact with their global peers through-out QBE to assess the net capital impact of various transactions and reinsurances which the Company provides. The quality of the Company's assets (particularly investments and reinsurance recoveries) is continuously monitored to ensure any potential issues are identified and remedial action, where necessary, is taken to restore effective capital performance and levels.

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FOR THE YEAR ENDED 31 DECEMBER 2024

Reputation risk

The Company assesses reputation risk through the quality of the relationships with key stakeholders, including senior stakeholders in QBE Group and the divisions, regulators, government, communities, employees, and third-party partners including suppliers. Each of these relationships is actively managed by the Company through functional teams, which include senior management.

ESG and emerging risks

ESG and emerging risk horizon scans are performed annually to identify and assess the key ESG and emerging risks to QBE. Both ESG and emerging risks are considered as part of the development of the Company's top risk profile. The Company's top risk profile is overseen by the Board Risk & Capital Committee.

ESG, including climate change, is one of the top risks for QBE, potentially impacting our business and customers in the medium to long term. QBE has considered short-term scenarios that could affect our insurance business written to date and current investments. Climate change is expected to increasingly impact the frequency and severity of weather-related natural catastrophes over the long term. In the short term, it is often difficult to distinguish the impact of climate change from the normal variability in weather and natural catastrophes. Claims in respect of classes most impacted by these events (e.g. property classes) are typically reported and settled soon after the claim event, and climate change is therefore not expected to materially impact the level of uncertainty in estimating the ultimate cost of those claims. QBE looks to manage for natural catastrophe volatility by considering a wide range of event frequency and severity scenarios in our capital planning, and by purchasing a comprehensive Group catastrophe reinsurance program.

The Company's investments continue to be resilient with respect to climate transition risks as they have limited exposure to highly impacted sectors. Given the medium to long-term nature of the estimated impacts of climate transition, this factor is not expected to be significant to the fair value measurement of the Company's investment assets at the balance date.

4.2 Insurance risk

Overview

Insurance risk is the risk of fluctuations in the timing, frequency and severity of insured events and claims settlements, relative to expectations.

The Company classifies insurance risk into three subcategories, as follows:

- Underwriting/pricing risk;
- Insurance concentrations risk; and
- Reserving risk.

The Company's approach to managing insurance risk is underpinned by the Company's insurance risk appetite statements as set by the Board and is summarised below.

Underwriting/pricing risk

The Company manages underwriting/pricing risk by appropriately setting and adjusting underwriting strategy, risk selection and pricing practices throughout the underwriting cycle.

The Company's underwriting strategy aims to diversify and limit the aggregation of a single type of reinsurance risk accepted. The underwriting strategy is implemented through QBE's annual business planning process, supported by minimum underwriting and pricing standards and delegated authorities. These authorities reflect the level of risk that the Company is prepared to take with respect to each permitted reinsurance class.

Pricing of risks is controlled by the use of in-house pricing models relevant to specific portfolios and the markets in which the Company operates. Underwriters and actuaries maintain pricing and claims analysis for each portfolio, combined with a knowledge of current developments in the respective markets and classes of business.

One of the core objectives of the Company is to provide the QBE Group with stability in pricing and ease of access to external reinsurance at a more competitive cost, on an aggregate basis, than otherwise available in the local division markets. The Company's underwriting strategy is supportive and linked to the annual divisional business planning process. In addition, the Company responds to ad-hoc or bespoke reinsurance requirements of the various divisions of the QBE Group.

For catastrophe XoL programs, the Company makes use of both proprietary and in-house models to calculate a comprehensive view of loss costs. This exposure-based approach is blended with an experience rated approach using an appropriate credibility weighting. For per risk XoL programs, a similar approach is used where industry loss curves are blended with an experience rated approach. For quota share programs, the historical results are analysed to determine whether the business plan loss ratio and commission rate, yield a sufficient profit margin to service the allocated capital.

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Insurance concentration risk

The Company's exposure to concentrations of reinsurance risk is mitigated by maintaining a business portfolio that is diversified across countries and classes of business. Product diversification is pursued through a strategy of developing strong underwriting skills in a wide variety of classes of business and close partnership with the QBE operating divisions.

The table below demonstrates the diversity of the Company's operations.

	2024	2023
INSURANCE REVENUE	US\$M	US\$M
Commercial and domestic property	814	703
Public/product liability	258	310
Motor and motor casualty	90	74
Marine, energy, and aviation	250	136
Accident and health	3	7
Financial and credit	51	47
Other	41	20
	1,507	1,297

Insurance concentration risk includes the risks from natural or man-made events that have the potential to produce claims from multiple policyholders at the same time (e.g., natural catastrophes, industrial accidents, financial downturn, etc.). The Company currently uses a variety of methodologies to monitor aggregate exposures and manage concentration/accumulation risk. These include the use of catastrophe models from third party vendors such as RMS and AIR, the Society of Lloyd's realistic disaster scenarios (RDS) and QBE Group aggregate methodology. The Company sets its risk appetite in accordance with prevailing requirements of the BMA and generally acceptable market practices, in addition to considering the relevance, where applicable, of catastrophe risk according to the QBE Group's risk appetite and APRA (the QBE Group's regulator) insurance concentration risk charge (ICRC).

Reserving risk

Reserving risk is managed through the quarterly actuarial valuation of insurance liabilities. The valuation of the present value of future claims cash flows within the net insurance contract liabilities is performed by qualified and experienced actuaries, with reference to historical data and reasoned expectations of future events. The present value of future claims cash flows within the net insurance contract liabilities is subject to an external audit review at least annually.

4.3 Credit risk

Overview

Credit risk is the risk of financial loss from obligors' failure to meet their finance obligations, including both the inability and unwillingness to pay, as well as loss due to credit quality deterioration. The Company's exposure to credit risk arises from financial transactions with securities issuers, debtors, brokers, policyholders, reinsurers and guarantors.

The Company's approach to managing credit risk is underpinned by the Company's credit risk appetite statements as set by the Board and summarised below.

Reinsurance credit risk

The Company's objective is to maximise placement of reinsurance with highly rated counterparties. Concentration of risk with reinsurance counterparties is monitored strictly and regularly by the Company's Board and the QBE Group's Security Committee and is controlled by reference to the following protocols:

- treaty or facultative reinsurance is placed in accordance with the requirements of the QBE Group ReMS and QBE Group Security Committee guidelines;
- reinsurance arrangements are regularly reassessed to determine their effectiveness based on current exposures, historical claims and potential future losses based on the Company's inwards reinsurance concentrations; and
- exposure to reinsurance counterparties and the credit quality of those counterparties is actively monitored.

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Credit risk exposures are calculated regularly and compared with authorised credit limits. The Company is exposed to material concentrations of credit risk in relation to reinsurance recoveries at the balance date, in particular to large global reinsurers. In certain cases, the Company requires letters of credit or other collateral arrangements to be provided to guarantee the recoverability of the amount involved. There is \$500 million (2023: \$500 million) held on behalf of the Company in the form of LOCs to guarantee the recoverability of the amounts involved. The credit rating analysis below includes the impact of such security arrangements. In some cases, further security has been obtained in the form of trust arrangements, reinsurer default protection and other potential offsets. This additional security has not been included in the credit rating analysis set out below.

The following table provides information about the quality of the Company's credit risk exposure in respect of reinsurance recoveries at the balance sheet date. The analysis classifies the assets according to Standard & Poor's (S&P) counterparty credit ratings. AAA is the highest possible rating.

	CREDIT RATING					TOTAL US\$M
	AAA US\$M	AA US\$M	A US\$M	BBB US\$M	NOT RATED ² US\$M	
At 31 December 2024						
Reinsurance recoveries on incurred outstanding claims ¹	-	773	584	-	577	1,934
Reinsurance recoveries on paid claims	-	161	160	-	49	370
At 31 December 2023						
Reinsurance recoveries on incurred outstanding claims ¹	-	1,134	328	1	600	2,063
Reinsurance recoveries on paid claims	-	264	64	1	103	432

¹ Net of a provision for impairment of \$3 million (2023: \$3 million). Includes \$577 million (2023: \$595 million) of recoveries under reinsurance loss portfolio transfer contracts that are recognised within the reinsurance asset for remaining coverage.

² Not rated are fully collateralised by "A" grade investments.

The following table provides further information regarding the ageing of reinsurance recoveries on paid claims at the balance sheet date.

	YEAR	NEITHER PAST DUE NOR IMPAIRED US\$M	PAST DUE BUT NOT IMPAIRED				TOTAL US\$M
			0 TO 3 MONTHS US\$M	4 TO 6 MONTHS US\$M	7 MONTHS TO 1 YEAR US\$M	GREATER THAN 1 YEAR US\$M	
			Reinsurance recoveries on paid claims	2024	299	64	
	2023	321	102	-	2	7	432

Investment and treasury credit risk

The Company only transacts with investment counterparties within the limits outlined in the delegated authorities' policy. Investment counterparty exposure limits are applied to individual counterparty exposures outside the QBE Group and to multiple exposures within a group of related companies in relation to investments, cash deposits and forward foreign exchange exposures. Counterparty exposure limit compliance is monitored daily.

The following table provides information regarding the Company's aggregate credit risk exposure at the balance sheet date in respect of the major classes of financial assets. Other receivables except balances due from related entities are excluded from this analysis on the basis that they comprise smaller credit risk items which generally cannot be rated and are not individually material. The analysis classifies the assets according to S&P counterparty credit ratings. AAA is the highest possible rating. Rated assets falling outside the range of AAA to BBB are classified as speculative grade.

	CREDIT RATING						TOTAL US\$M
	AAA US\$M	AA US\$M	A US\$M	BBB US\$M	SPECULATIVE GRADE US\$M	NOT RATED US\$M	
At 31 December 2024							
Cash and cash equivalents	67	-	13	-	-	-	80
Interest-bearing investments	281	499	258	125	88	1	1,252
Derivative financial instruments	-	-	46	-	-	-	46
Other financial assets	-	-	-	-	-	94	94
Amounts due from related entities	-	-	432	-	-	-	432
At 31 December 2023							
Cash and cash equivalents	23	-	13	-	-	-	36
Interest-bearing investments	341	492	260	139	44	1	1,277
Derivative financial instruments	-	-	30	-	-	-	30
Other financial assets	-	-	-	-	-	159	159
Amounts due from related entities	-	-	446	-	-	-	446

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The carrying amount of the non-derivative asset classes on the balance sheet represents the maximum amount of credit exposure at the balance sheet date. The fair value of derivatives shown on the balance sheet represents the current risk exposure but not the maximum risk exposure that could arise in the future as a result of changing values.

Insurance and other credit risk

As a captive reinsurer of the QBE Group, the Company almost always transacts with related entities. The Company regularly reviews the collectability of receivables and the adequacy of associated provisions for impairment. Balances are monitored on the basis of uncollected debt and debt outstanding in excess of six months. Concentration risk is also monitored.

The following table provides information regarding the ageing of the Company's financial assets that are past due but not impaired and which are largely unrated at the balance date.

	NEITHER PAST DUE NOR IMPAIRED US\$M	PAST DUE BUT NOT IMPAIRED			GREATER THAN 1 YEAR US\$M	TOTAL US\$M
		0 TO 3 MONTHS US\$M	4 TO 6 MONTHS US\$M	7 MONTHS TO 1 YEAR US\$M		
At 31 December 2024						
Premium receivable	179	1	4	67	36	287
Other trade receivables	49	-	-	-	-	49
Receivable within insurance contract liabilities	228	1	4	67	36	336
Amounts due from related entities	432	-	-	-	-	432
Other receivables	11	-	-	-	-	11
At 31 December 2023						
Premium receivable	95	82	24	46	25	272
Other trade receivables	99	-	-	-	-	99
Receivable within insurance contract liabilities	194	82	24	46	25	371
Amounts due from related entities	446	-	-	-	-	446
Other receivables	11	-	-	-	-	11

4.4 Market risk

Overview

Market risk is the risk of adverse impacts on earnings resulting from changes in market factors including, but are not limited to, interest rates, credit spreads, foreign exchange rates and equity prices.

The Company's approach to managing market risk is underpinned by its market risk appetite statements, as informed by the QBE Group and set by the Company's Board which is summarised below.

The Company's approach to managing investment market movements is underpinned by its investment strategy which outlines the Company's view of the markets and its corresponding investment approach.

Investment market risk is managed through the application of exposure and asset limits. These limits are based on the market risk appetite as determined by the Board and apply to:

- losses generated on the investment portfolio under market stress scenarios. The scenarios assume adverse movements in market factors and are designed to reflect a significant market stress event; and
- sensitivities to changes in interest rate and credit spread risk, measured in terms of modified duration and spread duration.

Interest rate risk

The Company is exposed to interest rate risk through its holdings in interest-bearing assets and the measurement of its net insurance contract liabilities. Financial instruments with a floating interest rate expose the Company to cash flow interest rate risk, whereas fixed interest rate instruments expose the Company to fair value interest rate risk.

The Company's risk management approach is to minimise interest rate risk by actively managing investment portfolios to achieve a balance between cash flow interest rate risk and fair value interest rate risk. The Company predominantly invests in high quality, liquid interest-bearing securities and cash, and may use derivative financial instruments to manage the interest rate risk of the fixed interest portfolio. The risk management processes over these derivative financial instruments include close senior management scrutiny, including appropriate board and other management reporting. Derivatives are used only for approved purposes and are subject to delegated authority levels provided to management. The level of derivative exposure is reviewed on an ongoing basis. Appropriate segregation of duties exists with respect to derivative use and compliance with policy, limits and other requirements is closely monitored.

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The estimates of future cashflows in the net insurance contract liabilities are discounted to present value by reference to risk-free interest rates adjusted to reflect an illiquidity premium (note 2.2.5). The Company is therefore exposed to potential profit or loss volatility as a result of interest rate movements. In practice, over the longer term, an increase or decrease in interest rates is normally offset by a corresponding increase or decrease in inflation.

The impacts of changes in interest rates on the Company's net insurance contract liabilities are recognised within the net insurance finance result in profit or loss which is analysed as follows:

	NOTE	2024 US\$M	2023 US\$M
Insurance finance income (expenses)			
Effect of changes in interest rates		6	(2)
Discount unwind and changes in financial assumptions		(68)	(73)
Accretion of interest on contractual service margin		(1)	1
		(63)	(74)
Reinsurance finance (expenses) income			
Effect of changes in interest rates		(16)	17
Discount unwind and changes in financial assumptions		79	73
Premium financing component		(6)	(5)
		57	85
Net insurance finance income (expenses)		(6)	11

The net central estimate of outstanding claims is discounted to present value by reference to risk-free interest rates. The Company is therefore exposed to potential underwriting result volatility as a result of interest rate movements. In practice, over the longer term, an increase or decrease in interest rates is normally offset by a corresponding increase or decrease in inflation. Details are provided in note 2.2.7. As at the balance sheet date, the weighted average modified duration of cash and fixed interest securities was 1.85 years (2023: 1.86 years).

All investments are financial assets measured at fair value through profit or loss. Movements in interest rates impact the fair value of interest-bearing financial assets and therefore impact reported profit after tax. The impact of a 1% increase or decrease in interest rates on interest-bearing financial assets owned by the Company at the balance sheet date is shown in the table below.

	SENSITIVITY %	PROFIT (LOSS)	
		2024 US\$M	2023 US\$M
Interest rate movement - interest-bearing financial assets	+1	(24)	(24)
	-1	26	26

Equity price risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded on the market.

The Company is exposed to equity price risk on its investment in growth assets and may use derivative financial instruments to manage this exposure. The risk management processes over these derivative financial instruments are the same as those explained above in respect of interest rate derivative financial instruments. Exposure is also managed by diversification across international markets and currencies where possible.

All growth assets are measured at fair value through profit or loss. The impact of a 20% increase or decrease in the value of equity investments (including derivatives - refer to note 3.2.1) owned by the Company at the balance sheet date on profit after tax is shown in the table below.

	SENSITIVITY %	PROFIT (LOSS)	
		2024 US\$M	2023 US\$M
S&P 500	+20	6	5
	-20	(6)	(5)
Infrastructure assets	+20	27	35
	-20	(27)	(35)
Alternatives	+20	14	-
	-20	(14)	-
Unlisted property trusts	+20	8	9
	-20	(8)	(9)

The Company is also exposed to price risk on fixed interest securities as discussed above in relation to interest rate risk, and below in relation to credit spread risk. All securities are measured at fair value through profit or loss.

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Credit spread risk

Movements in credit spreads impact the value of corporate interest-bearing securities, emerging market and high yield debt and therefore impact reported profit after tax. This risk is managed by investing in high quality, liquid interest-bearing securities and by managing the credit spread duration of the interest-bearing securities portfolio.

The impact of either a 0.5% increase or decrease in credit spreads on interest-bearing financial assets held by the Company at the balance sheet date on profit after tax is shown in the table below.

	SENSITIVITY %	PROFIT (LOSS)	
		2024 US\$M	2023 US\$M
Credit spread movement - corporate interest-bearing financial assets	+0.5	(9)	(11)
	-0.5	9	11

Foreign exchange

The Company's approach to foreign exchange management is underpinned by the Company's foreign currency strategy. The Company's foreign exchange exposure generally arises as a result of the translation of foreign currency amounts to the functional currency of the Company (operational currency risk).

Operational currency risk

Operational currency risk is managed as follows:

- the Company manages the volatility arising from changes in foreign exchange rates by matching liabilities with assets of the same currency, thus ensuring that any exposures to foreign currencies are minimised; and
- forward foreign exchange contracts are used to protect residual currency positions. These forward foreign exchange contracts are accounted for in accordance with the derivatives accounting policy set out in note 5.5.
- Foreign exchange gains or losses arising from operational foreign currency exposures are reported in profit or loss consistent with the gains or losses from the related forward foreign exchange contracts. The risk management process covering the use of forward foreign exchange contracts involves close senior management scrutiny. All forward foreign exchange contracts are subject to delegated authority levels provided to management and the levels of exposure are reviewed on an ongoing basis.

The analysis below demonstrates the impact on profit after income tax of a 10% strengthening or weakening of the major currencies against the functional currency of the Company, being USD. The sensitivity is measured with reference to the Company's residual (or unmatched) operational foreign currency exposures at the balance sheet date. Operational foreign exchange gains or losses are recognised in profit or loss in accordance with the procedure outlined in note 1.2.3. The sensitivities provided demonstrate the impact of a change in one key variable in isolation whilst other assumptions remain unchanged.

The sensitivities shown in the table below are relevant only at the balance sheet date, as any unmatched exposures are actively monitored by management and the exposure subsequently matched.

EXPOSURE CURRENCY	2024			2023		
	RESIDUAL EXPOSURE	SENSITIVITY	PROFIT (LOSS)	RESIDUAL EXPOSURE	SENSITIVITY	PROFIT (LOSS)
	US\$M	%	US\$M	US\$M	%	US\$M
Australian dollar	23	+10	2	52	+10	5
		-10	(2)		-10	(5)
Great British pound	(194)	+10	(19)	(9)	+10	(1)
		-10	19		-10	1
Euro	(3)	+10	-	6	+10	1
		-10	-		-10	(1)
New Zealand dollar	3	+10	-	(6)	+10	(1)
		-10	-		-10	1

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FOR THE YEAR ENDED 31 DECEMBER 2024

4.5 Liquidity risk

Overview

Liquidity risk is the risk of insufficient liquid assets to meet liabilities as they fall due or only being able to access liquidity at excessive cost. The Company's liquidity risk arises due to the nature of insurance activities where the timing and amount of cash outflows are uncertain.

The Company's approach to managing liquidity risk is underpinned by the liquidity risk appetite statement as set by the Board and is summarised below.

The Company manages liquidity risk using a number of tools, as follows:

- cash flow targeting;
- maintaining a minimum level of liquid assets relative to the Company's liabilities;
- cash flow forecasting; and
- stress testing and contingency planning.

Liquidity is managed across the Company using a number of cash flow forecasting and targeting tools and techniques. Cash flow forecasting involves actively managing operational cash flow requirements.

In addition to treasury cash held for working capital requirements, and in accordance with the Company's liquidity policy, a minimum percentage of investments and cash is held in liquid, short-term money market securities to ensure that there are sufficient liquid funds available to meet insurance and investment obligations.

The maturity of the Company's directly held interest-bearing financial assets is shown in the table below.

		INTEREST-BEARING FINANCIAL ASSETS MATURING IN						
		LESS THAN ONE YEAR	13 TO 24 MONTHS	25 TO 36 MONTHS	37 TO 48 MONTHS	49 TO 60 MONTHS	OVER 5 YEARS	TOTAL
As at 31 December 2024								
Fixed rate	US\$M	328	79	91	81	97	277	953
Weighted average interest rate	%	3.88	4.05	4.67	4.85	5.13	5.08	4.53
Floating rate	US\$M	140	106	67	24	-	41	378
Weighted average interest rate	%	4.28	4.93	4.62	4.62	-	5.38	4.67
As at 31 December 2023								
Fixed rate	US\$M	192	203	141	101	60	239	936
Weighted average interest rate	%	4.68	4.48	4.48	4.95	5.17	4.71	4.67
Floating rate	US\$M	86	106	62	39	3	81	377
Weighted average interest rate	%	4.38	5.56	5.4	5.26	6.15	4.16	4.93

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FOR THE YEAR ENDED 31 DECEMBER 2024

4.6 Operational risk

Overview

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Operational risk can materialise in a number of forms including fraud perpetrated by employees or by external parties (e.g. claims fraud or cyber attacks), employment practices (e.g. losses arising from acts inconsistent with laws or agreements governing employment, employee health or safety, or from diversity or discrimination events involving internal employees), improper business practices (e.g. failure to meet professional obligations or issues with the nature or design of an insurance product), business disruption and system failures or business and transaction processing failures.

The Company and the Group manages operational risk through setting policy, minimum standards, and process and system controls, including effective segregation of duties, access controls, authorisations and reconciliation processes, business continuity management, fraud management, information security and physical security.

The Company's approach to managing operational risk is underpinned by the Company's operational risk appetite as set by the Board and is summarised below.

The Company identifies, assesses and manages operational risk through the:

- risk and control self-assessment process, which identifies and assesses top risks to achieving business objectives and is conducted at the functional business unit level;
- operational, technology and cyber risk appetite statements, which sets out the nature and level of risk that the Board and Company is willing to take in pursuit of the Company's objectives. The risk appetite statements are measured through an assessment of the control environment, key risk indicators, issues and incidents; and
- scenario analysis process, which assesses the impact of potentially extreme scenarios and the appropriateness of our contingency planning.

Key residual risks from the above processes are monitored by the Executive Risk Committee.

4.7 Compliance risk

Overview

Compliance risk is the risk of legal or regulatory penalties, financial loss or non financial loss or customer detriment resulting from non-compliance with laws, regulations or conduct standards.

The Company's approach to managing compliance risk is underpinned by QBE Group's Material Risk Class Policy which is aligned to QBE Group's Risk Management Strategy and risk appetite as set by the QBE Group and Company's Board and is summarised below.

The Company manages compliance risk through the following approach:

- Governance arrangements that establish accountability, responsibility and authority in relation to the management of compliance risk;
- A culture based on honesty, integrity and respect that is embedded as part of QBE DNA and the QBE Group's Code of Ethics and Conduct;
- Stakeholder management to maintain pro-active and co-operative relationships with lawmakers, regulators and other relevant external parties;
- Strategic priorities and objectives that are aligned to risk appetites set by the Board; and
- People, systems and processes to support effective compliance risk management.

The Company's approach to compliance management is subject to continuous review and improvement to recognise changes in the regulatory and legal environment and, industry, customer and community expectations.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2024

4.8 Group risk

Overview

Group risk is the risk arising specifically from being part of the wider QBE Group, including financial impact and loss of support from the parent company.

The Company's approach to managing Group risk is underpinned by the Group risk appetite statements as set by the Company's Board and is summarised below.

Sources of Group risk may include:

- intercompany loans and receivables;
- contagion reputational risk;
- credit agency dependency;
- use of Group functions where there is a global operating model in place;
- use of QBE's internal asset management function - Group Investments;
- QBE Group initiatives or decisions with a material impact on the Company; and
- liquidity and central foreign exchange management.

The Company manages Group risk through various systems, controls and processes, use of intercompany transactions and balances accounting guidance, transfer pricing guidelines, investment management agreement, capital planning and assessments of the use of QBE Group functions, QBE Group initiatives and contagion reputational events.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2024

5. CAPITAL STRUCTURE

Overview

The Company's objective in managing capital is to reduce the overall cost of capital whilst satisfying the capital adequacy requirements of its regulator, providing financial security for our policyholders and continuing to provide an adequate return to our shareholder.

Details of the Company's approach to capital risk management are disclosed in note 4.1.

5.1 Cash and cash equivalents

	2024 US\$M	2023 US\$M
Cash at bank and on hand	80	36

Restrictions on use

There are no restrictions on amounts included in cash and cash equivalents as at 31 December 2024.

How we account for the numbers

Cash and cash equivalents include cash at bank and on hand and deposits at call which are readily convertible to cash on hand and which are used for operational cash requirements. Amounts in cash and cash equivalents are the same as those included in the statement of cash flows.

The reconciliation of profit after income tax to cash flows from operating activities is included in note 7.3.

5.2 Equity and reserves

Overview

Ordinary shares in the Company rank after all creditors, and entitle the holder to participate in dividends and the proceeds on winding up of the Company, in proportion to the number of shares held.

5.2.1 Share capital

	2024		2023	
	NUMBER OF SHARES MILLIONS	US\$M	NUMBER OF SHARES MILLIONS	US\$M
Authorised shares	71	600	71	600
Issued ordinary shares, fully paid at 1 January	70	591	70	591
Shares Issued	-	-	-	-
Foreign exchange	-	-	-	-
Issued ordinary shares, fully paid at 31 December	70	591	70	591

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2024

5.2.2 Reserves

	2024	2023
	US\$M	US\$M
Share premium reserve		
At 1 January	139	139
Foreign exchange	-	-
At 31 December	139	139
Foreign currency translation reserve		
At 1 January	(388)	(388)
Foreign exchange	-	-
Movement in the year	-	-
At 31 December	(388)	(388)
Total reserves at 31 December	(249)	(249)

5.3 Dividends

Overview

As a general principle, the Company transfers excess capital above its 'within appetite' capital range to the parent entity. Excess capital is determined with reference to the capital strategy which determines the capital target as the aggregate of the regulatory capital requirement and a buffer above regulatory minimum capital. The buffer is expressed as a percentage of the regulatory minimum and is determined with reference to a probability of breaching regulatory minimum. As per the Insurance Act s31B, Class 4 insurers cannot in any financial year, without BMA prior approval, pay out more than 25% of total statutory capital and surplus as determined in the prior year's filing.

	2024	2023
Total dividend payout (US\$ million)	165	300

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2024

5.4 Derivatives

Overview

Derivatives may be used as a tool to hedge the Company's foreign exchange exposures. The Company manages operational foreign exchange volatility by matching liabilities with assets of the same currency, as far as practicable. Forward foreign exchange contracts are used to hedge residual currency exposures, with both the foreign exchange and derivatives impact reported through profit or loss.

Refer to note 4.4 for additional information relating to the Company's approach to managing currency risk.

The Company's exposure to foreign exchange derivatives at the balance sheet date is set out in the table below:

	2024			2023		
	EXPOSURE US\$M	FAIR VALUE ASSET US\$M	FAIR VALUE LIABILITY US\$M	EXPOSURE US\$M	FAIR VALUE ASSET US\$M	FAIR VALUE LIABILITY US\$M
Forward foreign exchange contracts	41	46	42	506	30	51

All forward foreign exchange contracts are with QBE Strategic Capital Company Pty Ltd., a related entity.

How we account for the numbers

Derivatives are initially recognised at fair value, being the transaction price on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives which are not part of a hedging relationship are valued at fair value through profit or loss.

For derivatives traded in an active market, the fair value of derivatives presented as assets is determined by reference to published closing bid price quotations, and the fair value of derivatives presented as liabilities is determined by reference to published closing ask price quotations. For derivatives that are not traded, or which are traded in a market that is not sufficiently active, fair value is determined using generally accepted valuation techniques, including the use of forward exchange rates for the valuation of forward foreign exchange contracts.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2024

6. TAX

Overview

Income tax expense is the accounting tax charge for the period and is calculated as the tax payable on the current period taxable income based on the applicable income tax rates for each jurisdiction, adjusted for changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses. The relationship between accounting profit and income tax expense is provided in the reconciliation of prima facie tax to income tax expense (note 6.1). Income tax expense does not equate to the amount of tax actually paid to tax authorities, as it is based upon the accrual accounting concept.

Accounting income and expenses do not always have the same recognition pattern as taxable income and expenses, creating a timing difference as to when a tax expense or benefit can be recognised. These differences usually reverse over time but until they do, a deferred tax asset or liability is recognised on the balance sheet. Note 6.2 details the composition and movements in deferred tax balances.

Bermuda

With the assent of the Governor on December 27, 2023, the Bermuda Corporate Income Tax Act of 2023 ("The 2023 Act") became law and beginning in 2025, a 15% corporate income tax will be applicable to the Company, with the current Bermuda government exemption becoming void from 1 January 2025. The Company has evaluated the impact of the Act and has not recorded any deferred income tax arising from the Economic Transition Adjustment ("ETA") or for carry-forward tax losses. The Company expects that the Bermudian corporate income tax will have no material impact on the income tax expense of the Company due to the interaction with existing U.S income tax imposed on the Company.

6.1 Reconciliation of prima facie tax to income tax expense

	2024 US\$M	2023 US\$M
Profit before income tax from continuing operations	229	88
Prima facie tax @ 0%	-	-
Withholding tax on investment income	-	(1)
Creditable premium tax	9	11
Prima facie tax adjusted for non-temporary differences	9	10
Income tax expense	9	10
Analysed as follows:		
Current tax	9	10
	9	10

How we account for the numbers

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends to either settle on a net basis or to realise the assets and settle the liability simultaneously. Current and deferred tax is recognised in profit or loss.

Non-creditable premium taxes deducted by foreign jurisdictions are expensed when notified and included within underwriting deductions.

Creditable income taxes withheld by ceding affiliates or investment counterparties on behalf of foreign jurisdictional tax authorities are recognised when so withheld and included in income tax expense.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2024

Critical accounting judgements and estimates

The company has evaluated the Economic Transition Adjustment ("ETA") and transitional carry-forward tax losses that arise under the 2023 Act. A deferred tax asset of \$57 million (2023 \$57 million) has not been recognised, as it is not probable that the deferred tax asset will be available to the Company due to the interaction between US and Bermuda tax law. The uncertainty will be resolved in future years if taxable profits are generated and subject to any additional interpretation or changes in Bermuda tax law.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2024

7. OTHER

Overview

This section includes other information that must be disclosed to comply with the Australian Accounting Standards.

7.1 Other accounting policies

7.1.1 New and amended standards adopted by the Company

The Company adopted the following new or amending accounting standards from 1 January 2024:

TITLE	
AASB 2022-5	Amendments to Australian Accounting standards - Lease Liability in a Sale and Leaseback

The adoption of this revised standard did not significantly impact the Company's accounting policies or financial statements.

7.1.2 New accounting standards and amendments issued but not yet effective

TITLE	OPERATIVE DATE	
AASB 2024-2	Amendments to Australian Accounting Standards - Classification and Measurement of Financial Instruments	1 January 2025
AASB 2024-3	Amendments to Australian Accounting Standards - Annual Improvements Volume 11	1 January 2026
AASB 18	Presentation and Disclosure in Financial Statements	1 January 2027

The Australian Accounting Standards and amendments detailed in the table above are not mandatory for the Company until the operative dates stated; however, early adoption is often permitted.

The Company currently plans to adopt the standards and amendments detailed above in the reporting periods beginning on their respective operative dates. An assessment of the financial impact of the standards and amendments has been undertaken and they are not expected to have a material impact on the Company's financial statements, except where noted below.

AASB 18 Presentation and Disclosure in Financial Statements

In June 2024, the AASB issued AASB 18 which will replace AASB 101 *Presentation of Financial Statements* from 1 January 2027. The Company is in the process of assessing the impact of the new standard which is expected to result in changes to presentation and disclosure in the financial statements, including in relation to the presentation of certain line items in profit or loss and the disclosure of management-defined performance measures.

Notes to the financial statements

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7.2 Contingent liabilities

Overview

Contingent liabilities are disclosed when the possibility of a future settlement of economic benefits is considered to be less than probable but more likely than remote. If the expected settlement of the liability becomes probable, a provision is recognised.

In the normal course of business, the Company is exposed to contingent liabilities in relation to claims litigation and regulatory examination arising out of its insurance and reinsurance activities. The Company may also be exposed to the possibility of contingent liabilities in relation to non-insurance litigation and compliance matters, which may result in legal or regulatory penalties and financial or non-financial losses and other impacts.

Provisions are made for obligations that are probable and quantifiable. There are no amounts otherwise not provided for in the financial statements. The Company has no contingent liabilities to disclose. There are no individually significant amounts not provided for and such transactions are not considered likely to have a material impact on the net assets of the Company.

7.3 Reconciliation of profit after income tax to cash flows from operating activities

Overview

AASB 1054 *Australian Additional Disclosures* requires a reconciliation of profit after income tax to cash flows from operating activities.

	2024 US\$M	2023 US\$M
Profit after income tax	220	78
Adjustments for:		
Net foreign exchange gains (losses)	(4)	8
Other losses (gains) on financial assets	6	
In specie adjustments	(311)	(32)
Balance sheet movements:		
Decrease (increase) in other receivables	13	(171)
(Increase) decrease in net operating assets	(1)	(2)
(Decrease) increase in other payables	(101)	30
(Decrease)/ Increase in insurance contract liabilities	(8)	191
Decrease / (increase) in reinsurance contract assets	96	(47)
Increase in net amounts receivable from related entities	39	(21)
Net cash flows from operating activities	(51)	34

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7.4 Related parties

Overview

AASB 124 *Related Party Disclosures* requires disclosure of related party transactions. The majority of all inwards reinsurance business assumed is from related entities, with only an immaterial amount of third-party business being written during the year. All outwards reinsurance business is placed with third parties. In addition, the Company has entered into a number of outsourced service agreements with related entities.

All material information required to be disclosed under AASB 124 *Related Party Disclosures* has been included in the financial statements, as follows:

	REFERENCE
Interest received or receivable from related entities	Note 3.1
Amounts due from related entities	Note 2.4
Amounts due to related entities	Note 2.5

The Company has entered into a number of outsourced service agreements with related entities. Details of related entities, the services provided, and the fees charged are as follows:

Related entity	Services provided	2024 \$000	2023 \$000
QBE Group Services Pty Ltd	Investment management services	1,759	1,790
QBE Group Services Pty Ltd	QBE Group head office services and license fee	3,156	1,941
QBE Americas Inc.	System and infrastructure support	2,321	1,517
QBE Group Shared Services Limited	Reinsurance technical services, financial reporting, claims administration support	586	618
		7,822	5,866

The company has entered into forward foreign exchange contracts with QBE Strategic Capital Company Pty Ltd., a related entity, as disclosed in note 5.4.

7.5 Key management personnel

AASB 124 *Related Party Disclosures* requires disclosure of compensation of directors (executive and non executive) and those persons having authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly. This group is collectively defined as key management personnel.

Remuneration of executive directors paid by a related company recharged to the company was \$1,535,243 (2023: \$929,517).

Fees paid to non-executive directors for the year were \$318,750 (2023: \$300,000).

Notes to the financial statements

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7.6 Remuneration of auditors

Overview

The Company may engage the external auditor for non-audit services other than excluded services, subject to the general principle that fees for non-audit services should not exceed 50% of all fees paid to the external auditor in any one financial year. The Board believes some non-audit services are appropriate given the external auditor's knowledge of the Company.

Consistent with prior periods, the external auditor cannot provide the excluded services of preparing accounting records or financial reports or acting in a management capacity.

	2024 US\$000	2023 US\$000
Audit and assurance services	422	449
	422	449

7.7 Events occurring after reporting date

In the opinion of the directors, no matter or circumstances has arisen since 31 December 2024 that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the Company's state of affairs in future financial periods.