Supplementary Report of the Independent Expert on the proposed transfer of insurance business from

Soteria Insurance Limited and DARAG Legacy UK Ltd to DARAG Insurance UK Limited

in accordance with Part VII of the Financial Services and Markets Act 2000

For the High Court of Justice of England and Wales

2 September 2026

Prepared by:

Charl Cronje FIA

LCP

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1. Executive summary

1.1. The Proposed Transfer

The firms involved

1.1.1. Soteria Insurance Limited (Soteria) is a UK-based general insurer in run-off. It historically underwrote insurance business covering commercial insurance and personal lines (motor and home) business. Soteria is a directly owned subsidiary of Saturn Holdings PLC (Saturn Holdings). Saturn Holdings' strategy is to close Soteria as soon as possible, whilst ensuring that customers continue to receive good outcomes, suitable provision is made for managing its ongoing insurance obligations and all regulatory requirements are met. The Proposed Transfer, and the subsequent separate potential transfer or sale discussed in section 1.1 of my Scheme Report, are fundamental to that aim.

1.1.2. DARAG Insurance UK Limited (DIUK) is a wholly owned subsidiary of DAG that is incorporated in the UK and licensed as a non-life insurance company with permission to carry out contracts of general insurance. The DARAG Group's strategy is to actively increase participation in the UK and Gibraltar legacy insurance market focussing on small to mid-sized portfolios. DIUK is planned to be DARAG Group's only UK insurance risk carrier.

1.1.3. DARAG Legacy UK Ltd (DLUK) is a UK-based insurer in run-off. Its business consists of a small number of mostly Africa-based reinsurance treaties and an intra-group one-off inwards reinsurance agreement with DAG. DLUK is a wholly owned subsidiary of DIUK.

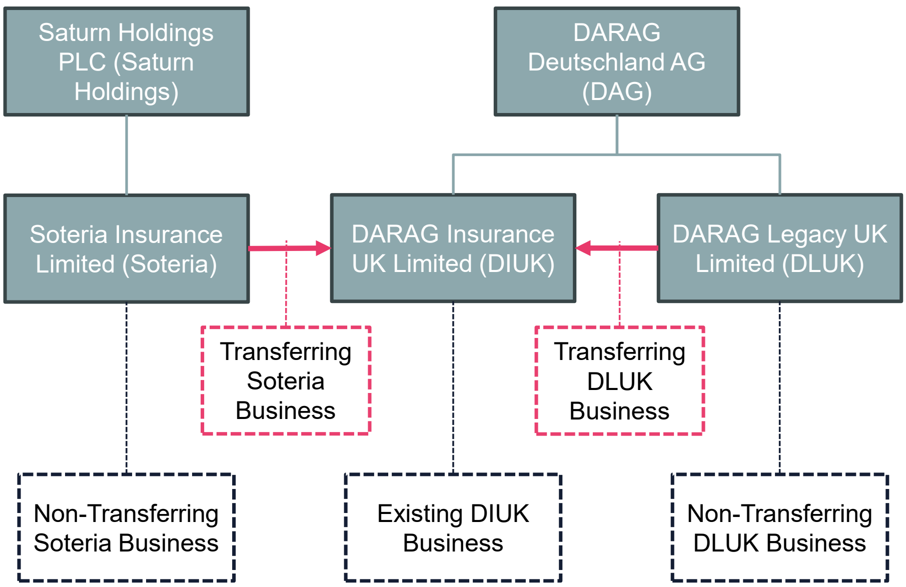
1.1.4. Further detail on the firms involved in the Proposed Transfer is set out in my Scheme Report dated 19 May 2026 ("the Scheme Report").

The Transferring Business

1.1.5. The Part VII transfer (Proposed Transfer) to DIUK includes:

- the transfer of Soteria's commercial liability portfolio, policies underwritten by Soteria in its capacity as an underwriting member of the Electricity Industry Run Off Services Limited (EIROS) pool and six inwards reinsurance policies (the Transferring Soteria Business); and
- the transfer of the majority of DLUK's reinsurance treaties (which are mostly Africa-based) (the Transferring DLUK Business).

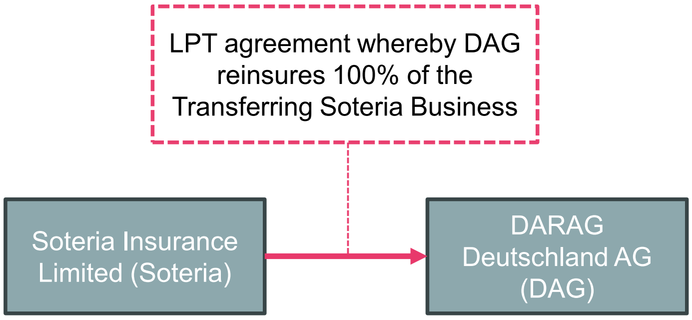
1.1.6. The diagram below summarises the key firms involved in the Proposed Transfer.



1.1.7. The Proposed Transfer involves the transfer of two portfolios to DIUK. The parties have informed me that the transfer of these two portfolios is contingent on each other, ie if one of the transfers is not sanctioned, then neither of the transfers will go ahead. I have therefore not considered the impact on policyholders if only one of the transfers goes ahead.

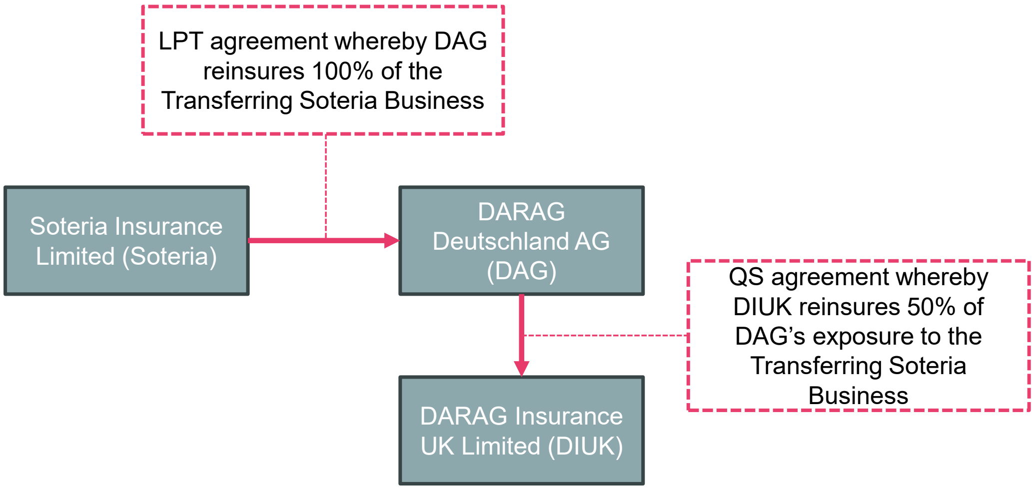
1.1.8. As of March 2026, Soteria had 938 open claims, only 40 of which are within the Transferring Soteria Business ie the other 898 open claims will remain with Soteria post-transfer.

1.1.9. On 21 March 2025, Soteria, DAG and DIUK entered into a Loss Portfolio Transfer (see diagram below) and Business Transfer Agreement (LPT) in anticipation of the Proposed Transfer. Under the LPT agreement, the Transferring Soteria Business is 100% reinsured by DAG.



1.1.10. In June 2026, DAG and DIUK entered into a Quota Share (QS) agreement with an effective date of 1 January 2026 (i.e. prior to the Proposed Transfer), whereby DIUK reinsures 50% of DAG's exposure to the Transferring Soteria Business. This reinsurance is provided on a funds withheld basis, whereby an amount equal to the best estimate liabilities is retained by DAG in a funds withheld account. This agreement will remain in place up to the Effective Date of the Proposed Transfer.

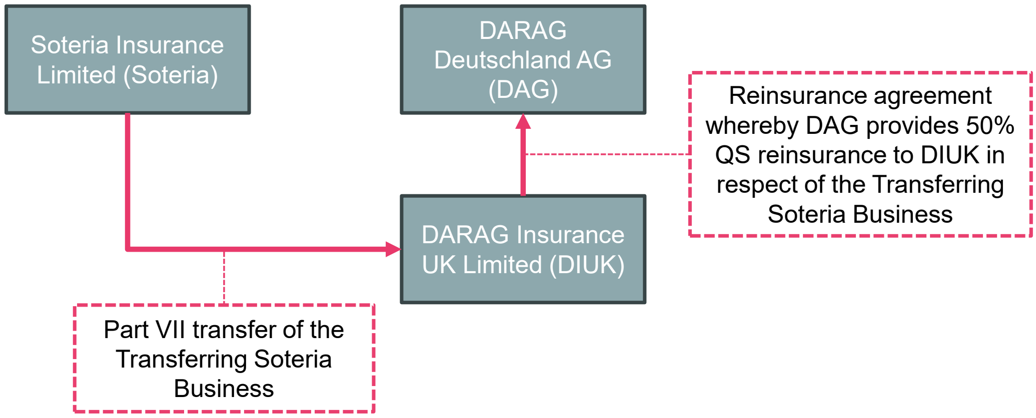
1.1.11. Therefore, currently the LPT and QS reinsurance arrangements are as set out in the diagram below. This is also expected to be the position immediately prior to the Proposed Transfer.



1.1.12. If the Proposed Transfer goes ahead successfully then, immediately after the Effective Date:

- the LPT agreement between Soteria and DAG will automatically come to an end;
- the 50% QS reinsurance provided by DIUK to DAG will automatically come to an end; and
- a new reinsurance agreement will come into force whereby DAG will provide 50% QS reinsurance to DIUK in respect of the Transferring Soteria Business. This reinsurance will be provided on a funds withheld basis.

1.1.13. Therefore, immediately following the Proposed Transfer, the QS reinsurance arrangements will be as set out in the diagram below.



1.1.14. Effectively, the economic position will be similar immediately before and immediately after the Proposed Transfer, with DIUK and DAG each exposed to 50% of the economic risk of the Transferring Soteria Business.

1.1.15. If the Part VII Scheme Effective Date has not occurred on or before the Long Stop Date, Soteria and DAG (on its own and on behalf of DIUK) may each choose to terminate the LPT agreement. The Long Stop Date in the original LPT agreement was 30 June 2026, or such later date as the Parties may agree acting reasonably and in good faith. The Parties, by way of an amendment deed executed on 29 May 2026, have now agreed to extend the Long Stop Date to 31 October 2027 (or such later date as the Parties may agree acting reasonably and in good faith). The parties have informed me that they intend to continue the LPT if the Proposed Transfer does not go ahead by the Long Stop Date.

Effective Date

1.1.16. The Effective Date (the date when the Proposed Transfer is expected to occur) is expected to be 30 September 2026, shortly after the Sanction Hearing, which is scheduled for 17 September 2026.

Reinsurance

1.1.17. Following the Proposed Transfer, the Transferring Soteria Business will be 50% reinsured by DAG. Therefore, DIUK's policyholders post-transfer will be exposed to the risk of DAG defaulting on its reinsurance obligations. However, the reinsurance provided by DAG will be on a funds withheld basis. This means that, in the event of a default by DAG, any default would be limited to the amount in excess of the funds withheld asset. In addition, the risks associated with this reinsurance arrangement following the Proposed Transfer are reflected in DIUK's projected Day 1 SCR, which allows for reinsurance default risk. I have considered the impact of a reserve deterioration combined with the default of DAG in section 5.3 (scenario M). This scenario is deliberately conservative in that it assumes 100% loss of the DAG reinsurance recoveries in excess of the funds withheld asset. In reality, DIUK might expect to receive a portion of the reinsurance recovery in a default scenario. Even in this extreme scenario, DIUK is projected to be sufficiently capitalised at Day 1. That is, DIUK would still be expected to be able to meet its SCR and pay its claims in full.

1.1.18. DLUK has been commuting its outwards reinsurance contracts. DLUK's remaining outwards reinsurance is relatively minor, with reserves for reinsurance recoveries of only approximately £150 as at 31 December 2025. DARAG has confirmed that no further commutations of DLUK's outwards reinsurance have occurred since my Scheme Report and that DLUK will not be commuting any further business prior to the Effective Date of the Proposed Transfer.

1.1.19. There is no other outwards reinsurance covering the Transferring Business.

1.1.20. The Proposed Transfer will not affect the underlying terms and conditions of the other existing reinsurance arrangements on the Non-Transferring Business. DIUK, DLUK and Soteria have confirmed that there will be no changes to any other existing reinsurance arrangements as a result of the Proposed Transfer.

Claims handling

1.1.21. The parties have confirmed that there are no expected changes to existing claims handling procedures for any group of policyholders as a result of the Proposed Transfer.

1.1.22. Paragraph 1.1.34 in my Scheme Report referred to the new service agreement with MISL. The Parties have informed me that they expect to conclude this new agreement prior to the Sanction Hearing, with the agreement taking effect from the Effective Date.

Sanctions

1.1.23. Soteria, DIUK and DLUK all have policies and processes in place for managing sanctions risks and I summarised these policies in the Scheme Report. Soteria, DIUK and DLUK have confirmed to me that sanctions checks have been conducted in line with their policies and are up to date. They have not identified any sanctions-exposed policies within the Transferring Soteria Business or the Transferring DLUK Business.

1.1.24. Soteria, DIUK and DLUK have confirmed that there have been no changes to these sanctions processes since the Scheme Report.

1.2. My role as Independent Expert

1.2.1. Soteria, DIUK and DLUK have jointly appointed me to act as the Independent Expert (IE) for the Proposed Transfer. The Prudential Regulation Authority (PRA), in consultation with the Financial Conduct Authority (FCA), has approved my appointment.

1.2.2. As IE, my overall role is to assess whether:

- The security provided to policyholders of Soteria, DIUK and DLUK will be materially adversely affected by the implementation of the Proposed Transfer.
- The Proposed Transfer will have any adverse impact on service standards experienced by policyholders.
- Any reinsurer of Soteria, DIUK or DLUK covering the Transferring Business will be materially adversely affected by the Proposed Transfer.

1.2.3. I provided my Scheme Report for the Proposed Transfer (dated 19 May 2026) ahead of the Directions Hearing, which was held on 26 May 2026.

1.2.4. The purpose of this Supplementary Report is to confirm and/or update the conclusions of the Scheme Report, based on any material new developments in the intervening period, ahead of the Sanction Hearing. This Supplementary Report should be read in conjunction with the Scheme Report.

1.3. Summary of developments since the Scheme Report

1.3.1. The main activities in relation to the Proposed Transfer since the Scheme Report was issued on 19 May 2026 have been as follows:

Proposed Transfer

1.3.2. The Scheme Report and other associated scheme documents were presented to the relevant court at the Directions Hearing on 26 May 2026, where approval was received to start notifications to policyholders and other interested parties of the Proposed Transfer in line with the communications plan. Such notifications have since been made.

Reserving

1.3.3. Soteria, DIUK and DLUK have provided me with their booked UK GAAP and Solvency UK technical provisions as at 30 June 2026 (see section 4).

Capital

1.3.4. As a reminder, one of the key measures relevant to my opinion is the SCR coverage ratio. This is the ratio of an insurer's available capital in excess of provisions (also known as Eligible Own Funds) to the amount of capital that must be held in order to meet regulatory capital requirements.

1.3.5. In my Scheme Report, Soteria, DIUK and DLUK provided me with projected future SCR coverage ratios as at "Day 0" (the point in time immediately before the Proposed Transfer) and "Day 1" (the point in time immediately after the Proposed Transfer).

1.3.6. These projected SCR coverage ratios were based on financial data as at 30 September 2025, and the projections were based on an expected Effective Date of 31 July 2026.

1.3.7. Soteria, DIUK and DLUK have now provided me with updated projected SCR coverage ratios as at Day 0 and Day 1 based on financial data as at 31 December 2025. Soteria, DIUK and DLUK have confirmed to me that actual experience has remained broadly in line with expectations over the period from 31 December 2025 to 30 June 2026. Therefore, the updated projected SCR coverage ratios at Day 0 and Day 1 remain appropriate as at the time of writing this Supplementary Report.

1.3.8. These revised projected SCR coverage ratios are also now based on the updated Effective Date of the Proposed Transfer, ie 30 September 2026.

1.3.9. The table below shows the original projected SCR coverage ratios from my Scheme Report and the updated projected SCR coverage ratios:

	Original projected SCR coverage ratios in Scheme Report			Updated projected SCR coverage ratios		
	Day 0	Day 1	Movement due to Transfer	Day 0	Day 1	Movement due to Transfer
Non-Transferring Soteria Policyholders	286%	288%	2%	292%	296%	4%
Non-Transferring DLUK Policyholder	151%	151%	0%	164%	164%	0%
Transferring Soteria Policyholders	286%	200%	(86%)	292%	197%	(95%)
Transferring DLUK Policyholders	151%	200%	49%	164%	197%	33%
Existing DIUK Policyholders	215%	200%	(15%)	215%	197%	(18%)

1.3.10. Soteria's and DLUK's Day 0 and Day 1 coverage ratios have increased slightly since the Scheme Report. DIUK's projected Day 0 SCR coverage ratio is unchanged from the Scheme Report, and DIUK's Day 1 SCR coverage ratio has reduced slightly. These movements are not out of line with what I would expect given the passage of time and the updated underlying data and projection dates.

1.3.11. I do not consider the impact of the updated SCR coverage ratios and movements from Day 0 to Day 1 to be materially different to those set out in my Scheme Report and, as such, the changes in these figures have not changed my overall opinion.

Policyholder communications

1.3.12. Soteria, DIUK and DLUK have communicated with policyholders, reinsurers and other interested parties and have published notices in the publications detailed in the communication plan agreed at the Directions Hearing.

1.3.13. As at 31 August 2026, Soteria had received 15 responses and DLUK had received 21 responses as a result of the communication with policyholders. DIUK had not received any responses, but 36 of the posted policyholder notification letters had been returned to sender. Neither Soteria, DIUK or DLUK had received any objections to the Proposed Transfer. The policyholder responses to notification of the Proposed Transfer are discussed further in section 7.

1.4. Additional considerations for this Supplementary Report

1.4.1 In reaching my conclusions in this Supplementary Report, I have considered the following new information that has become available since the Scheme Report was issued on 19 May 2026:

- Updated UK GAAP and Solvency UK technical provisions as at 30 June 2026 for Soteria, DIUK and DLUK, including the report from the independent external review of DIUK's large claims;
- Updated SCR coverage ratio and balance sheet projections as at Day 0 and Day 1, including allowing for the revised Effective Date of 30 September 2026;
- An update on the progress of the commutations of the Transferring DLUK Policies and the outwards reinsurance covering the Transferring DLUK Business;
- An update on DIUK's approach to calculating the risk margin and allowing for ENIDs within its Solvency UK TPs;
- The implementation of the communication plan outlined in my Scheme Report;
- Any developments regarding the structure of the Proposed Transfer; and
- Any policyholder queries or objections raised regarding the Proposed Transfer.

1.5. Summary of my conclusions

My overall conclusions are unchanged from those set out in my Scheme Report.

1.5.1. I set out below my summary conclusions, considering the effect of the Proposed Transfer on the following groups of policyholders:

- "Non-Transferring Soteria Policyholders", ie Soteria policyholders whose policies will remain with Soteria after the Proposed Transfer.
- The "Non-Transferring DLUK Policyholder", ie the DLUK policyholder whose policy will remain with DLUK after the Proposed Transfer.
- "Transferring Soteria Policyholders", ie Soteria policyholders whose policies will transfer to DIUK as a result of the Proposed Transfer.
- "Transferring DLUK Policyholders", ie DLUK policyholders whose policies will transfer to DIUK as a result of the Proposed Transfer.
- "Existing DIUK Policyholders", ie all policyholders of DIUK immediately prior to the Proposed Transfer, who will remain policyholders of DIUK after the Proposed Transfer.

1.5.2. I have also considered the effect of the Proposed Transfer on the following reinsurers:

- Reinsurers of Soteria covering the Transferring Soteria Business (ie the LPT agreement with DAG).
- Reinsurers of DLUK covering the Transferring DLUK Business.

1.5.3. In drawing my conclusions, I have considered the impact of the Proposed Transfer on all underlying Claimants and Beneficiaries (these terms are defined in Section 4 of my Scheme Report).

Definition of "well capitalised" and "very well capitalised"

1.5.4. For the purposes of this report, I describe a company as "sufficiently capitalised" if the SCR coverage ratio is between 100% and 150%. I describe a company as "well capitalised" if the SCR coverage ratio is between 150% and 200% and "very well capitalised" if the SCR coverage ratio is in excess of 200%.

1.5.5. Firms need to hold capital equal to at least 100% of the greater of the SCR and the MCR. For DLUK, the MCR is projected to be higher than the SCR both immediately before and after the Proposed Transfer. Therefore, I consider the MCR coverage ratio as the key measure to consider as part of my assessment of policyholder security before and after the Proposed Transfer for DLUK.

Non-Transferring Soteria Policyholders

1.5.6. Given that the Soteria portfolio includes policies that date back to the early 1900s, Soteria is not able to quantify its total number of policies and policyholders. However, at the end of 2022, Soteria had approximately 20,000 in-force policies. As of March 2026, Soteria had 938 open claims, 898 of which were from policies which will remain with Soteria after the Proposed Transfer. Soteria's gross of reinsurance UK GAAP provisions as at 30 June 2026 were £169.1m, £151.3m (89%) of which was in respect of the Non-Transferring Soteria Business.

I have concluded that the security provided to Non-Transferring Soteria Policyholders will not be materially adversely affected by the Proposed Transfer.

I have concluded that no material impact on service standards is expected for Non-Transferring Soteria Policyholders following the Proposed Transfer.

1.5.7. When drawing my conclusions, I have considered the nature and magnitude of each of the individual points discussed in the summary rationale in section 1.3 of the Scheme Report, as well as the overall nature and magnitude of their combined impact.

Non-Transferring DLUK Policyholder

1.5.8. DLUK has identified one policy (from one Non-Transferring DLUK Policyholder) which will remain with DLUK after the Proposed Transfer.

I have concluded that the security provided to the Non-Transferring DLUK Policyholder will not be materially adversely affected by the Proposed Transfer.

I have concluded that no material impact on service standards is expected for the Non-Transferring DLUK Policyholder following the Proposed Transfer.

1.5.9. When drawing my conclusions, I have considered the nature and magnitude of each of the individual points discussed in the summary rationale in section 1.3 of the Scheme Report, as well as the overall nature and magnitude of their combined impact.

Transferring Soteria Policyholders

1.5.10. Given that the Soteria portfolio includes policies that date back to the early 1900s, Soteria is not able to quantify its total number of policies and policyholders. However, at the end of 2022, Soteria had approximately 20,000 in-force policies. As of March 2026, Soteria had 40 open claims from policies which will transfer to DIUK as a result of the Proposed Transfer. Soteria's gross of reinsurance UK GAAP provisions as at 30 June 2026 were £169.1m, £17.8m (11%) of which was in respect of the Transferring Soteria Business.

I have concluded that the security provided to Transferring Soteria Policyholders will not be materially adversely affected by the Proposed Transfer.

I have concluded that no material impact on service standards is expected for Transferring Soteria Policyholders following the Proposed Transfer.

1.5.11. When drawing my conclusions, I have considered the nature and magnitude of each of the individual points discussed in the summary rationale in section 1.3 of the Scheme Report, as well as the overall nature and magnitude of their combined impact.

Summary rationale:

1.5.12. I am satisfied that the approaches used by DIUK to calculate the UK GAAP and Solvency UK technical provisions for the Transferring Soteria Business are appropriate, and DIUK has confirmed that these will be materially unchanged post-transfer. My opinion is based on:

- A review of DIUK's reserves for the Transferring Soteria Business as at 31 May 2024 (as part of actuarial due diligence prior to the LPT agreement), 30 September 2025 and 30 June 2026.
- An external actuarial review of DIUK's reserving approach and analysis for mesothelioma claims performed as part of its actuarial due diligence.

1.5.13. The SCR coverage ratio for Transferring Soteria Policyholders is expected to reduce from 292% to 197% as a result of the Proposed Transfer. I do not consider the security provided to Transferring Soteria Policyholders to be materially adversely affected by this change in SCR coverage ratio as DIUK will still be well capitalised.

1.5.14. In the years following the Proposed Transfer, Transferring Soteria Policyholders are expected to be part of an ongoing and growing business rather than one whose strategy is to close.

1.5.15. DIUK has provided capital projections until 31 December 2028 which indicate that DIUK will remain at least well capitalised both in a scenario where DIUK takes on additional portfolios in line with its business plan and in an alternative scenario where DIUK's existing and Transferring Business runs off over time following the Proposed Transfer.

1.5.16. In addition to the above, I have considered all the other individual points in my summary rationale in section 1.3 of the Scheme Report in forming my conclusions.

Transferring DLUK Policyholders

1.5.17. DLUK has identified 208 contracts, from 69 cedants (Transferring DLUK Policyholders), which will transfer to DIUK as a result of the Proposed Transfer. DLUK has been seeking to commute this business, and, as of June 2026, there were only three remaining cedants with non-nil open reserves that would transfer to DIUK under the Proposed Transfer. DLUK has confirmed that it will not be commuting any further business prior to the Effective Date of the Proposed Transfer.

I have concluded that the security provided to Transferring DLUK Policyholders will not be materially adversely affected by the Proposed Transfer.

I have concluded that no material impact on service standards is expected for Transferring DLUK Policyholders following the Proposed Transfer.

1.5.18. When drawing my conclusions, I have considered the nature and magnitude of each of the individual points below, as well as the overall nature and magnitude of their combined impact.

Summary rationale:

1.5.19. I am satisfied that the approaches used by DIUK to calculate the UK GAAP and Solvency UK technical provisions for the Transferring DLUK Business are appropriate, and DIUK has confirmed that these will be materially unchanged post-transfer. The Transferring DLUK Policyholders will remain within the DARAG Group and DIUK is subject to the same group-wide policies as DLUK.

1.5.20. The SCR coverage ratio for Transferring DLUK Policyholders is expected to increase from 164% (based on DLUK's MCR) to 197% as a result of the Proposed Transfer. Therefore I do not consider the security provided to Transferring DLUK Policyholders to be materially adversely affected by the Proposed Transfer.

1.5.21. Further, DIUK has provided capital projections until 31 December 2028 which indicate that DIUK will remain at least well capitalised both in a scenario where DIUK takes on additional portfolios in line with its business plan and in an alternative scenario where DIUK's existing and Transferring Business runs off over time following the Proposed Transfer.

1.5.22. I am satisfied that DIUK is expected to remain sufficiently capitalised (as defined in section 1.5.4) under the majority of adverse scenarios that I have considered in relation to both the Transferring Business and its other business. In the more extreme adverse scenarios that I have considered, where DIUK's SCR coverage ratio would fall below 100%, DIUK would still be able to pay its claims and I am satisfied that the likelihood of such scenarios is sufficiently remote that the Transferring DLUK Policyholders are not materially adversely affected as a result of the Proposed Transfer. I note that the scenarios are conservative in that they make no allowance for management actions that could be taken to help restore capital levels.

1.5.23. In addition to the above, I have considered all the other individual points in my summary rationale in section 1.3 of the Scheme Report in forming my conclusions.

Existing DIUK Policyholders

1.5.24. DIUK has identified 12,926 existing policyholders (144 of which had open claims as at 31 May 2026). On a gross of reinsurance basis, the Existing DIUK Business will make up approximately 61% of DIUK's post-transfer UK GAAP provisions (based on draft figures as at 30 June 2026). The Transferring Soteria Business will make up 39% and the Transferring DLUK Business will make up 0.01%.

1.5.25. On a net of reinsurance basis, the Existing DIUK Business will make up approximately 32% of DIUK's post-transfer UK GAAP provisions (based on draft figures as at 30 June 2026). The Transferring Soteria Business will make up 68%. The Transferring DLUK Business will make up 0.03%.

I have concluded that the security provided to Existing DIUK Policyholders will not be materially adversely affected by the Proposed Transfer.

I have concluded that no material impact on service standards is expected for Existing DIUK Policyholders following the Proposed Transfer.

1.5.26. When drawing my conclusions, I have considered the nature and magnitude of each of the individual points below, as well as the overall nature and magnitude of their combined impact.

Summary rationale:

1.5.27. I am satisfied that the approaches used to calculate the UK GAAP and Solvency UK technical provisions for DIUK are appropriate, and DIUK has confirmed that these will be materially unchanged post-transfer. My opinion is based on:

- A review of DIUK's reserves for the Existing Business as at 31 December 2024, 30 September 2025 and 30 June 2026. The reserves as at 30 June 2026 are draft, subject to formal sign-off by DIUK's Reserve Committee in September.
- Discussions with DIUK's actuarial team on noise-induced hearing loss claims, including actual versus expected claims experience between 31 December 2025 and 30 June 2026.
- An external actuarial review of DIUK's valuation techniques and underlying assumptions performed as part of an audit as at 31 December 2024.

1.5.28. The SCR coverage ratio for Existing DIUK Policyholders is expected to reduce from 215% to 197% as a result of the Proposed Transfer. All else being equal, this represents a reduction in financial strength. However, the SCR is calibrated such that a 100% coverage ratio would equate to a 0.5% probability of insolvency over the next year. A 197% coverage ratio therefore equates to a remote probability of insolvency (ie much less than 0.5%). The difference between capital coverage ratios of 215% and 197% does not, in my opinion, equate to a material difference in the probability of insolvency. Therefore, I do not consider the security provided to Existing DIUK Policyholders to be materially adversely affected by this change in SCR coverage ratio.

1.5.29. DIUK has provided capital projections until 31 December 2028 which indicate that DIUK will remain at least well capitalised both in a scenario where DIUK takes on additional portfolios in line with its business plan and in an alternative scenario where DIUK's existing and Transferring Business runs off over time following the Proposed Transfer.

1.5.30. In addition to the above, I have considered all the other individual points in my summary rationale in section 1.3 of the Scheme Report in forming my conclusions.

Reinsurers of Soteria covering the Transferring Soteria Business

1.5.31. I have considered the position of reinsurers of Soteria who currently provide cover for the Transferring Soteria Business.

I have concluded that the reinsurers who provide cover for the Transferring Soteria Business will not be materially adversely affected by the Proposed Transfer.

1.5.32. When drawing my conclusions, I have considered the nature and magnitude of each of the individual points discussed in the summary rationale in section 1.3 of the Scheme Report, as well as the overall nature and magnitude of their combined impact.

Reinsurers of DLUK covering the Transferring DLUK Business

1.5.33. DLUK has been commuting its outwards reinsurance contracts. There is currently a small amount of remaining outwards reinsurance in place for the Transferring DLUK Business, with reserves for reinsurance recoveries of only approximately £150 as at 30 June 2026. This outwards reinsurance will transfer to DIUK under the Proposed Transfer.

1.5.34. DARAG has confirmed that no further commutations of DLUK's outwards reinsurance have occurred since my Scheme Report and that DLUK will not be commuting any further business prior to the Effective Date of the Proposed Transfer.

I have concluded that the reinsurers who provide cover for the Transferring DLUK Business will not be materially adversely affected by the Proposed Transfer.

2. Introduction

2.1. Background

2.1.1. Part VII, Section 109 of the Financial Services and Markets Act 2000 (FSMA) requires that a Scheme Report must accompany an application to the High Court of Justice of England and Wales (High Court) to approve an insurance business transfer scheme (Part VII transfer).

2.1.2. The Scheme Report should be produced by a suitably qualified independent person (the Independent Expert or IE) who has been nominated or approved by the Prudential Regulation Authority (PRA) having consulted with the Financial Conduct Authority (FCA). The Scheme Report should address the question of whether any policyholders or reinsurers impacted by the insurance business transfer are adversely affected to a material extent.

2.1.3. In my role as Independent Expert, I prepared a Scheme Report for the Proposed Transfer. This was issued on 19 May 2026 and was presented to the High Court on 26 May 2026. In the Scheme Report I stated that, ahead of the Sanction Hearing for the Proposed Transfer, I would prepare a Supplementary Report (this report), covering any relevant matters which have arisen since the date of the Scheme Report.

2.2. Scope of this Supplementary Report

2.2.1. This Supplementary Report must be read in conjunction with the Scheme Report as the Supplementary Report alone does not contain the full details of the work I have performed in considering the Proposed Transfer. Reading the Supplementary Report in isolation may be misleading.

2.2.2. In combination with the Scheme Report, this Supplementary Report complies with the professional actuarial guidance and standards set out in section 2.5. All terms used in the Supplementary Report are as defined in the Scheme Report.

2.2.3. The use of “I”, “me” and “my” in this report generally refers to work carried out by me or by the team operating under my direct supervision. However, when it is used in reference to an opinion it is mine and mine alone.

2.2.4. For presentational purposes some GBP amounts in this report have been converted from EUR at an exchange rate of £1 = EUR 1.146 unless stated otherwise. (£1 = EUR 1.145 and £1 = USD 1.344 in the Scheme Report).

2.3. Use of this Supplementary Report

2.3.1. This Supplementary Report has been produced by Charl Cronje FIA of LCP under the terms of LCP’s written agreements with Soteria, DIUK and DLUK.

2.3.2. This Supplementary Report is subject to any stated limitations (e.g. regarding accuracy or completeness).

2.3.3. This Supplementary Report has been prepared for the purpose of accompanying the application to the High Court in respect of the proposed insurance business transfer scheme described in this report, in accordance with Part VII, Section 109 of the Financial Services and Markets Act (FSMA) 2000. The Supplementary Report is not suitable for any other purpose. The Supplementary Report must be read in conjunction with the Scheme Report of 19 May 2026.

2.3.4. A copy of the Supplementary Report will be sent to the PRA and the FCA and will be filed with the High Court as part of the evidence supporting the application to sanction the Scheme.

2.3.5. This report is only appropriate for the purpose described above and should not be used for anything else. No liability is accepted or assumed for any use of the Supplementary Report for any other purpose other than that set out above.

2.4. Reliances

2.4.1. I have based my work on the data and other information made available to me by Soteria, DIUK and DLUK. Appendix 1 contains a list of key data and other information that I have considered. I have also held discussions with the relevant staff of Soteria, MISL, DIUK, DLUK, the DARAG Group and their advisors.

2.4.2. My analysis is based on data as at various dates including 31 December 2024, 30 September 2025, 31 December 2025 and 30 June 2026.

2.4.3. I have received all of the information that I have requested for the purposes of the production of my report. In this respect:

- Soteria, DIUK and DLUK will submit witness statements to the High Court stating that all information provided to me by Soteria, DIUK and DLUK respectively is correct and complete in all material aspects to the best of their knowledge, information and belief.
- Each of Soteria, DIUK and DLUK has provided a data accuracy statement confirming that the data and information provided to me regarding the Proposed Transfer is accurate and complete.
- Soteria and the Chief Executive and Director of DIUK and DLUK have provided attestations that there have been no material adverse changes to the financial position of Soteria, DIUK or DLUK since that information was provided to me, other than as described in this Supplementary Report.
- Soteria and the Chief Executive and Director of DIUK and DLUK have read this Supplementary Report and each has agreed that it is correct in terms of all factual elements of the Proposed Transfer.
- I have conducted basic checks on the data provided to me for internal consistency and reasonableness.
- My checks of the data have not revealed any cause for me to doubt that it is materially appropriate for me to rely on the information provided for the purpose of this report.

2.4.4. The conclusions in my report take no account of any information that I have not received, or of any inaccuracies in the information provided to me.

2.4.5. I have not considered it necessary to take any third-party legal advice on any aspects of the Proposed Transfer.

2.4.6. Figures in this report may be subject to small rounding differences and so totals within the tables may not equal the sum of the rounded components.

2.5. Professional standards

2.5.1. This report complies with the applicable rules on expert evidence and with the guidance for scheme reports and supplementary reports set out by the PRA in their Statement of Policy issued in January 2022, the FCA guidance to their approach to review of Part VII transfers issued in February 2022 and by the PRA Rulebook and the FCA Handbook.

2.5.2. This report complies with Technical Actuarial Standard 100: General Actuarial Standards (TAS 100) and Technical Actuarial Standard 200: Insurance (TAS 200) issued by the Financial Reporting Council (FRC). The FRC is responsible for setting technical actuarial standards in the UK.

2.5.3. I have considered The Actuaries' Code as issued by the IFoA as part of producing this report.

2.5.4. This report has been subject to independent peer review prior to its publication, in line with Actuarial Professional Standard X2: Review of Actuarial Work (APS X2) as issued by the IFoA. This peer review has been undertaken by another Partner at LCP. The peer reviewer was not involved in the production of the report. They have appropriate experience and expertise to act as peer reviewer of this report, and have themselves been the Independent Expert for a number of other transfers.

2.6. Materiality

2.6.1. The FRC considers that matters are material if they could, individually or collectively, influence the decisions to be taken by users of the actuarial information. It accepts that an assessment of the materiality is a matter of reasonable judgement that requires consideration of the users and the context.

2.6.2. I have applied this concept of materiality in performing the work described in my Scheme Report and this Supplementary Report. In particular, I have applied this concept of materiality when using my professional judgement to determine the risks of material misstatement or omission and to determine the nature and extent of my work.

2.6.3. In complying with the reporting requirements of TAS 100, I have made judgements on the level of information to include in this Supplementary Report. For example, to make the report easier to read, I have not included all the details that would normally be included in a formal actuarial report, such as details of the methodologies and assumptions underlying the reserve and capital assessments.

2.7. Definition of "materially adverse"

2.7.1. For the purpose of assessing whether any policyholders or reinsurers are adversely affected to a material extent, I have considered whether, as a result of the Proposed Transfer, any group of policyholders or reinsurers would experience a deterioration in matters relevant to their interests compared with the position that would otherwise have applied if the Proposed Transfer had not occurred. Such matters may include, for example, the security of policyholder benefits, the likelihood of claims being paid in full, and the level of policyholder service.

2.7.2. In order to determine whether the Proposed Transfer will have a "materially adverse" impact on any group of policyholders, it has been necessary for me to exercise my judgement in light of the information that I have reviewed. In this assessment, I have considered both quantitative and qualitative factors, including the nature, likelihood, duration and magnitude of the impact, and the extent to which it could reasonably affect the interests of the relevant group of policyholders or reinsurers.

2.7.3. In practice, I have assessed the effect of the Proposed Transfer on each relevant group of policyholders or reinsurers by comparing their position immediately before and after the Proposed Transfer. This includes considerations relating to overall policyholder security and service standards, as well as any other relevant factors impacted by the Proposed Transfer.

2.7.4. The Proposed Transfer will affect different policyholders in different ways and, for any one group of policyholders, there may be some effects of the Proposed Transfer that are positive, and others that are adverse. When assessing whether the Proposed Transfer will have a "materially adverse" impact on any particular group of policyholders or reinsurers, I have considered both:

- the nature and magnitude of any individual adverse impacts of the Proposed Transfer for that group; and
- the nature and magnitude of the aggregate of all impacts of the Proposed Transfer for that group.

2.7.5. In the Court of Appeal judgment in The Prudential Assurance Company Ltd and Rothesay Life plc [2020] EWCA Civ 1626, the judge commented on the word 'material' and drew the distinction between 'real' and 'fanciful' risks and that the Court should address the former rather than the latter. I have borne this distinction in mind when reaching my conclusions as to whether any set of policyholders is materially adversely affected. Throughout this report, I have provided the rationale for my judgements and conclusions. These explain why, in each case, I have concluded whether policyholders are materially adversely affected or otherwise.

3. My approach as IE

3.1.1. My approach to assessing the Proposed Transfer, as set out in the Scheme Report, has been to perform five steps analysing evidence provided by Soteria, DIUK and DLUK to support the Proposed Transfer.

3.1.2. My approach for the Supplementary Report has been to revisit each of these five steps and to consider whether any of the updated analysis or information available now would cause me to change my conclusions in that report.

3.1.3. The five steps and my considerations are detailed in the sections as follows:

- Step 1: Assessing the provisions of Soteria, DIUK and DLUK – considered in section 4.
- Step 2: Assessing the capital positions of Soteria, DIUK and DLUK – considered in section 5.
- Step 3: Assessing overall policyholder security – considered in section 6.
- Step 4: Assessing policyholder communications – considered in section 7.
- Step 5: Assessing potential impact on customer service and other considerations that might affect policyholders – considered in section 8.

3.1.4. A list of the key information considered is included in Appendix 1.

3.1.5. Further details on my approach as IE are set out in section 4 of the Scheme Report.

4. Reserving considerations

4.1. My considerations relating to reserving

4.1.1. As IE, my overall assessments related to reserving are:

- whether an appropriate level of provisions is maintained for each relevant group of policyholders ie Non-Transferring Soteria Policyholders, the Non-Transferring DLUK Policyholder, Transferring Soteria Policyholders, Transferring DLUK Policyholders and Existing DIUK Policyholders; and
- whether any aspects of the reserving may lead to any of these groups of policyholders being materially adversely affected by the Proposed Transfer.

4.1.2. These assessments were considered in section 5 of the Scheme Report, based on data and provisions as at 31 December 2024 and 30 September 2025.

4.1.3. In this Supplementary Report, I have also considered updated data and provisions as at 30 June 2026 for Soteria, DIUK and DLUK. The provisions as at 30 June 2026 for DIUK and DLUK are draft, and subject to formal sign-off by the Reserve Committee which will take place in September.

4.1.4. Since the Scheme Report, DIUK has updated its approach to calculating the risk margin and allowing for ENIDs within the Solvency UK technical provisions (TPs) for the Existing DIUK Business (see section 4.7 for details). Soteria, DIUK and DLUK have each confirmed that there have been no other changes to the approach and basis for calculating the UK GAAP and Solvency UK technical provisions since the Scheme Report.

4.1.5. I have also been provided with the report from an independent external review of DIUK's case reserves for large claims based on data as at 30 September 2025.

4.1.6. There has been no new external independent actuarial review of reserves since my Scheme Report.

4.2. Summary of provisions for Soteria, DLUK and DIUK

4.2.1. The following table shows the total UK GAAP technical provisions as at 30 June 2026 for Soteria, DLUK and DIUK.

Summary of UK GAAP technical provisions at 30 June 2026 (£m)

Entity	Gross of reinsurance	Net of reinsurance*
Soteria	169.1	81.8
DLUK	1.6	1.6
DIUK	33.0	11.7

** Note Soteria's net of reinsurance UK GAAP provisions are gross of their Quota Share (QS) reinsurance, but net of all other reinsurance.*

4.3. Soteria provisions (UK GAAP)

4.3.1. The following table shows the level of UK GAAP technical provisions as at 30 June 2026 for Soteria, broken down by class and by Non-Transferring and Transferring Policyholders.

Soteria – Summary of UK GAAP technical provisions at 30 June 2026 (£m)

Class	Gross of reinsurance	Gross of LPT and QS, net of all other reinsurance	Gross of QS, net of LPT, net of all other reinsurance
Non-Transferring Business:			
Motor	142.8	73.3	73.3
Home	8.5	8.5	8.5
Subtotal Non-Transferring Business:	**151.3**	**81.8**	**81.8**
Transferring Business:			
Commercial liability	16.5	16.5	0.0
EIROS pool	1.2	1.2	0.0
Inwards reinsurance	0.2	0.2	0.0
Subtotal Transferring Business:	**17.8**	**17.8**	**0.0**
Total Soteria	**169.1**	**99.6**	**81.8**

Source: Soteria.
The provisions are made up of the earned claims reserves (to cover incidents that have already occurred). There was no unearned business (business relating to future exposure from an insurer's policies for which the coverage period has not yet passed) as at this date.

4.3.2. The provisions for Transferring Business represent 11% of Soteria's gross UK GAAP technical provisions as at 30 June 2026.

4.3.3. Soteria's business comprises predominantly personal lines motor and home insurance business, as well as liability insurance. Most of Soteria's provisions are in respect of motor insurance, the majority of which are in respect of large claims and PPOs. Soteria's reinsurance programme on the Non-Transferring Soteria Business includes catastrophe excess of loss cover, motor excess of loss cover and a quota share arrangement on the motor and home business for the years 2017-2020. There is also an LPT in place in respect of the Transferring Soteria Business from Soteria to DAG.

4.3.4. The gross of reinsurance provisions increased by £5.5m (3%) between 30 September 2025 (ie the figures in my Scheme Report) and 30 June 2026, and the gross of QS, net of all other reinsurance provisions decreased by £16.2m (17%). These movements were predominantly driven by the Non-Transferring Soteria Business, where the gross provisions increased by £6.4m and the net provisions decreased by £16.2m. I comment separately on the provisions for the Transferring Soteria Business in section 4.6.

4.3.5. The increase in the gross provisions for the Non-Transferring Soteria Business was mainly driven by reserve increases on a number of large motor claims, partially offset by payments on large claims. In addition, there were a number of offsetting movements in relation to strengthening of a non-subsidence home claim, release of IBNR on Motor Third Party Property Damage and Third Party Bodily Injury claims and strengthening of PPO reserves driven by an update to mortality assumptions.

4.3.6. However, there was an overall reduction in net reserves. This is mainly because:

- the large claims deteriorations were covered by reinsurance, resulting in only a small deterioration in net provisions; and
- claims payments over this period reduced net reserves.

4.3.7. The change in booked provisions for Soteria since my Scheme Report does not lead to a change in any of my conclusions as stated in that report.

4.4. DLUK provisions (UK GAAP)

4.4.1. The table below shows the level of UK GAAP technical provisions as at 30 June 2026 for DLUK, broken down by portfolio and by Non-Transferring and Transferring Policyholders. The provisions as at 30 June 2026 for DLUK are draft, and are subject to confirmation by the Reserve Committee at their meeting in September.

DLUK – Summary of draft UK GAAP technical provisions at 30 June 2026 (£000)

Class	Gross of reinsurance	Net of reinsurance
Non-Transferring DLUK Business (Intra-group reinsurance agreement)	1,637	1,637
Transferring DLUK Business (mostly Africa-based reinsurance treaties)	4	4
Total DLUK	**1,641**	**1,641**

Source: DLUK

The provisions are made up of the earned claims reserves (to cover incidents that have already occurred) excluding Unallocated Loss Adjustment Expenses (ULAE). There was no unearned business (business relating to future exposure from an insurer's policies for which the coverage period has not yet passed) as at this date.

4.4.2. DLUK has been seeking to commute its mostly Africa-based inwards reinsurance contracts. A large portion of this business has already been commuted and, as of 30 June 2026, the remaining reserves for the Transferring DLUK Business were approximately £4,000. As of June 2026, there were only three remaining cedants with non-nil open reserves. DLUK has confirmed that it will not be commuting any further business prior to the Effective Date of the Proposed Transfer.

4.4.3. DLUK also intends to commute the intra-group one-off inwards reinsurance agreement with DAG following the Proposed Transfer. This policy is not part of the Proposed Transfer and its commutation, and subsequent removal of DLUK permissions, is expected to take place no more than two months after the Effective Date of the Proposed Transfer.

4.4.4. The total booked provisions decreased between 30 September 2025 (ie the figures in my Scheme Report) and 30 June 2026 by £0.6m (27%) gross and net of reinsurance:

- The gross provisions for the Transferring DLUK Business decreased from approximately £30,000 to £4,000 driven by the continued run-off of the business.

- The gross provisions for the Non-Transferring DLUK Business decreased by £0.6m. The Non-Transferring DLUK Business is an inwards intra-group quota share (QS) reinsurance agreement with DAG, which covers 25% of the net of excess of loss (XoL) motor third-party liability exposure on accident years 2019 and prior in the DARAG Italy portfolio. The reduction in gross provisions for the Non-Transferring DLUK Business was driven by an increase in the XoL recoveries (and therefore a reduction in the QS provided by DLUK), and a recognition of a previous misallocation of IBNR between accident years (which resulted in IBNR being reallocated to accident years not covered by the DLUK QS).

4.4.5. The change in booked provisions for DLUK since my Scheme Report does not lead to a change in any of my conclusions as stated in that report.

4.5. DIUK provisions (UK GAAP)

4.5.1. The table below shows the level of UK GAAP technical provisions as at 30 June 2026 for DIUK, broken down by class. The provisions as at 30 June 2026 for DIUK are draft, and are subject to confirmation by the Reserve Committee at their meeting in September.

DIUK – Summary of draft UK GAAP technical provisions at 30 June 2026 (£m)

Class	Gross of reinsurance	Net of reinsurance
EL - NIHL	0.8	0.8
EL - Asbestos	0.6	0.6
EL - PPO	3.5	0.8
EL - Other	0.5	0.5
GL excl MundiPharma	0.1	0.1
GL - MundiPharma	19.5	0.9
Other	0.1	0.1
Soteria	8.0	8.0
Total DIUK	**33.0**	**11.7**

Source: DIUK
The provisions are made up of the earned claims reserves (to cover incidents that have already occurred) excluding Unallocated Loss Adjustment Expenses (ULAE). There was no unearned business (business relating to future exposure from an insurer's policies for which the coverage period has not yet passed) as at this date.

4.5.2. DIUK underwrote liability insurance from 1999 until 2003 and then entered run-off. The existing portfolio relates to outstanding liability claims from this period. Most of the gross reserves relate to the large MundiPharma and single PPO claims. The Soteria reserves relate to DIUK's 50% QS reinsurance of the Transferring Soteria Business pre-transfer. The remaining business is in respect of smaller claims arising from a range of employers liability and general liability business. Both large claims benefit from significant reinsurance protection and therefore the net reserves are much lower than the gross reserves.

4.5.3. The total booked provisions increased between 30 September 2025 (ie the figures in my Scheme Report) and 30 June 2026 by £8.5m (35%) gross and £8.3m (245%) net of reinsurance. A large component of this increase (£8m both gross and net) represents DIUK's 50% QS reinsurance of DAG's exposure to the Transferring Soteria Business effective 1 January 2026.

4.5.4. Excluding the Soteria reserves, the total booked provisions increased between 30 September 2025 (ie the figures in my Scheme Report) and 30 June 2026 by £0.5m (2%) gross and £0.3m (10%) net of reinsurance. The increase was mostly driven by EL – NIHL (noise-induced hearing loss) claims, where both the assumed future number of claims and the assumed average cost per claim were increased in response to adverse actual versus expected claims experience.

4.5.5. As part of my review and challenge process, I have had discussions with DIUK to understand its reserving approach for this business, as well as its validation of reserves in light of the recent reserve increases and adverse actual versus expected experience seen on this book.

4.5.6. Having considered the information provided by DIUK, the recent experience on the book, and the nature of the underlying business including its inherent uncertainty, my view is that DIUK's reserves remain within the range of reasonable best estimates. There is a high level of uncertainty associated with claims of this nature and, accordingly, there is a wide range of potential reasonable best estimates. I have also considered adverse reserving scenarios in section 5.3, including a 40% or 60% deterioration in reserves for both the Transferring Soteria Business and Existing DIUK Business at the same time. These demonstrate that DIUK is able to withstand material adverse reserve experience for both the Transferring Soteria Business and the Existing DIUK Business, and that DIUK would continue to be sufficiently capitalised under these scenarios.

4.5.7. Since my Scheme Report, I have been provided with a copy of the report from an independent external review of DIUK's exposure to large claims. This consisted of a review of the most significant claims, including those on DIUK's watchlist. This review resulted in a recommended increase in the case reserve for DIUK's active PPO. However, DIUK was already holding IBNR in respect of this claim, so the review has not affected the total unpaid reserve for this claim. The large claims review did not result in any other changes to case reserves. It is important to note that many claims remain at an early stage of development, and there remains uncertainty about their ultimate settlement values, particularly given the complex liability issues involved. The scenario analysis in section 5.3 includes adverse reserving scenarios to reflect this uncertainty.

4.5.8. The change in booked provisions for DIUK since my Scheme Report does not lead to a change in any of my conclusions as stated in that report.

4.6. Reserving estimates for the Transferring Business

Transferring DLUK Business

4.6.1. As discussed in section 4.4, the reserves for the Transferring DLUK Business as at 30 June 2026 are approximately £4,000. The Transferring DLUK Business will be transferring from one entity to another entity in the same DARAG Group. DIUK and DLUK have confirmed that there will be no change in reserving approach for the Transferring DLUK Business as a result of the Proposed Transfer. Therefore, the reserving for the Transferring DLUK Policyholders will not be impacted following the Proposed Transfer.

Transferring Soteria Business

4.6.2. The security of Transferring Soteria Policyholders depends on: (pre-transfer) the combined reserves and capital held by Soteria; and (post-transfer) the combined reserves and capital held by DIUK. As such, this section on reserving estimates for the Transferring Business should be considered in conjunction with the capital considerations in section 5.

4.6.3. Soteria and DIUK have each carried out independent projections of the Transferring Soteria Business. The following table sets out Soteria's and DIUK's UK GAAP technical provisions for the Transferring Soteria Business as at 30 June 2026.

UK GAAP technical provisions for the Transferring Soteria Business as at 30 June 2026

£m	Soteria	DIUK
Transferring Soteria Business	17.8	16.0

Source: Soteria and DIUK. Figures are excluding ULAE.

4.6.4. The following table shows the breakdown by class of business (on a gross of reinsurance basis).

UK GAAP technical provisions for the Transferring Soteria Business as at 30 June 2026

Gross of reinsurance (£m)	Soteria	DIUK	Difference (DIUK - Soteria)
Commercial liability	16.5	14.5	(2.0)
Mesothelioma	*14.9*	*13.0*	*(1.9)*
Other Asbestos	*0.9*	*0.9*	*0.0*
NIHL	*0.7*	*0.7*	*0.0*
EIROS pool	1.2	1.3	0.1
Inwards reinsurance	0.2	0.2	0.0
Total	**17.8**	**16.0**	**(1.8)**

4.6.5. DIUK's estimate of the gross of reinsurance UK GAAP technical provisions for the Transferring Soteria Business as at 30 June 2026 is £1.8m (10%) lower than Soteria's estimate. This compares to a £2m (11%) difference as at 30 September 2025 in my Scheme Report. The key driver of the difference between Soteria's and DIUK's provisions is mesothelioma claims and in particular, is driven by differences in the assumed claim reporting profile. Further detail on these differences is set out in section 5.7 of my Scheme Report.

4.6.6. On the face of it, as DIUK's gross of reinsurance reserve estimates for the Transferring Soteria Business are lower than Soteria's, this may appear to suggest a fall in reserve strength post-transfer. However, my view is that this difference is reasonable given the inherent uncertainty in the liabilities, and both Soteria's and DIUK's estimates are within the range of reasonable best estimates that I would expect for this business. I have also considered adverse reserving scenarios in section 5.3, which are applied separately to each of Soteria and DIUK's reserves. I have also considered a scenario showing the impact on DIUK's Day 0 and Day 1 projections if DIUK was to adopt Soteria's view of the reserves in section 5.3.

4.6.7. I had discussed the differences in reserving approaches in my Scheme Report and my view was that Soteria's and DIUK's reserve estimates were both within the range of reasonable best estimates given the nature of the underlying business including its inherent uncertainty. Having reviewed the updates to Soteria's and DIUK's reserves as at 30 June 2026, my conclusions in the Scheme Report remain unchanged ie I consider Soteria's and DIUK's reserves to both be within the range of reasonable best estimates given the nature of the underlying business including its inherent uncertainty.

4.7. Approach for setting Solvency UK technical provisions

4.7.1. The tables below show the main steps involved in going from UK GAAP technical provisions to Solvency UK TPs for Soteria, DIUK and DLUK (based on data as at 30 June 2026).

Steps from UK GAAP to Solvency UK technical provisions as at 30 June 2026 - Soteria

£m	Gross of reinsurance	Net of reinsurance*
UK GAAP reserves **	**179.6**	**88.2**
Removal of management margin	(5.8)	(5.8)
Removal of UK GAAP discount credit	136.2	56.6
ENIDs	7.2	1.1
Change in expenses	5.4	22.0
Future premium receivable	(0.1)	(0.1)
Reinsurance default	0.0	0.1
Solvency UK discount credit	(167.9)	(71.6)
Quota share*	0.0	(3.2)
Solvency UK TPs excluding risk margin (A)	**154.6**	**87.2**
Solvency UK risk margin (B)	**4.5**	**4.5**
Solvency UK TPs including risk margin (A + B)	**159.1**	**91.7**

** Note: Soteria's net of reinsurance UK GAAP provisions are gross of their Quota Share (QS) reinsurance, but net of all other reinsurance. The quota share premium and recoveries are allowed for within the Solvency UK TPs and are included in the "quota share" line.*

*** The UK GAAP reserves above do not match the figures in section 4.2 due to reclassifications and adjustments around claims outstanding, insurance receivables and opening GAAP QS provisions as part of the year-end audit review.*

4.7.2. Overall, Soteria's total Solvency UK technical provisions have decreased by £11.1m gross of reinsurance and £30.2m net of reinsurance since the figures in my Scheme Report as at 30 September 2025.

4.7.3. The key drivers of these movements are:

- movements in the UK GAAP reserves (see section 4.3);
- a reduction in the allowance for expenses within reserves which was driven by alignment in the approach across Saturn Group companies; and
- movements in the UK GAAP and Solvency UK discount credit due to movements in reserves and underlying assumptions.

4.7.4. The risk margin has increased by £0.6m since 30 September 2025 and is 5% of the net best estimate technical provisions as at 30 June 2026 (compared to 4% in my Scheme Report).

4.7.5. The changes in the steps from Soteria's UK GAAP provisions to Solvency UK technical provisions compared to my Scheme Report do not lead me to change my conclusions in that report. These changes to the reserves are in line with the type of action that I would expect management to take to update for the latest information, to reflect the run-off nature of the business, and to continue to ensure consistency across entities. They do not give me any concerns regarding the firm's reserving practices and do not impact the analyses that I have performed to assess the impact of the transfer.

Steps from UK GAAP to Solvency UK technical provisions as at 30 June 2026 - DIUK

£m	Gross of reinsurance	Net of reinsurance
UK GAAP reserves	33.4	12.1
Removal of UK GAAP discount credit	0.6	0.1
ENIDs	0.1	0.1
Reinsurance default	0.0	0.0
Solvency UK discount credit	(10.1)	(3.7)
Solvency UK TPs excluding risk margin (A)	24.0	8.6
Solvency UK risk margin (B)	0.8	0.8
Solvency UK TPs including risk margin (A + B)	24.8	9.5

4.7.6. Overall, since 31 December 2024 (ie the figures in my Scheme Report), DIUK's gross Solvency UK technical provisions have increased from £21.6m to £24.8m, and DIUK's net of reinsurance Solvency UK technical provisions have increased from £3.6m to £9.5m. The main driver of these differences is the UK GAAP reserves (discussed in section 4.5).

4.7.7. As highlighted in my Scheme Report, work was underway to determine an ENID load to include within DIUK's Q4 2025 technical provisions. Since my Scheme Report, DIUK has updated its approach, as expected, to include an allowance for ENIDs within its TPs for the Existing DIUK Business. DIUK has applied an ENID loading of 5% to its provisions excluding the provisions in respect of the large MundiPharma claim, because this claim is reserved to limits. The ENID loading of 5% has been set using a "truncated lognormal" approach, which is commonly used in the market.

4.7.8. For the Transferring Soteria Business, DIUK is not including an explicit ENIDs allowance within the TPs. DIUK's approach for future portfolios will be to assess each portfolio individually and determine whether an ENID loading is required. As I noted in my Scheme Report, not including an explicit allowance for ENIDs within the TPs is not in line with common market practice. However, DIUK's view is that its reserving approach and assumptions for the Transferring Soteria Business include an implicit allowance for ENIDs. This is because, as part of its pricing process ahead of the commencement of the LPT agreement, DIUK set the reserves based on the mean of a full distribution.

4.7.9. Overall, whilst this approach is not in line with common market practice, I am comfortable that DIUK's technical provisions remain reasonable, and this does not impact my overall conclusions on the Proposed Transfer. In addition, I have considered a range of scenarios in section 5.3, including a 40% or 60% deterioration in technical provisions for both the Existing DIUK Business and the Transferring Soteria Business at the same time (scenarios A and B). DIUK is expected to remain sufficiently capitalised in these scenarios.

4.7.10. As highlighted in my Scheme Report, DIUK and DLUK were considering moving from using the Solvency II prescribed Cost of Capital rate of 6% pa in excess of risk-free returns for their risk margin calculations to the Solvency UK assumption of 4% pa. Since my Scheme Report, DIUK has updated its risk margin approach, as expected. It now uses the Solvency UK prescribed Cost of Capital rate of 4% pa in excess of risk-free returns. This is in line with common market practice and is consistent with the Cost of Capital rate used by Soteria.

4.7.11. The changes in the steps from DIUK's UK GAAP provisions to Solvency UK technical provisions compared to my Scheme Report do not lead me to change my conclusions in that report. In addition, the updates made to the ENID loading and the risk margin calculation for DIUK do not lead me to change my conclusions in the Scheme Report.

Steps from UK GAAP to Solvency UK technical provisions as at 30 June 2026 - DLUK

£m	Gross of reinsurance	Net of reinsurance
UK GAAP reserves	1.6	1.6
Removal of UK GAAP discount credit	0.0	0.0
ENIDs	0.0	0.0
Reinsurance default	0.0	0.0
Solvency UK discount credit	(0.1)	(0.1)
Solvency UK TPs excluding risk margin (A)	**1.5**	**1.5**
Solvency UK risk margin (B)	0.1	0.1
Solvency UK TPs including risk margin (A + B)	**1.6**	**1.6**

4.7.12. Overall, DLUK's total Solvency UK technical provisions have decreased from £2.7m as at 31 December 2024 (ie the figures in my Scheme Report) to £1.6m as at 30 June 2026. This is driven by a reduction in UK GAAP reserves (discussed in section 4.4).

4.7.13. The changes in the steps from DLUK's UK GAAP provisions to Solvency UK technical provisions compared to my Scheme Report do not lead me to change my conclusions in that report.

4.8. Key uncertainties when setting provisions

4.8.1. The ultimate cost of settling general insurance claims is subject to uncertainty in terms of both the frequency (ie how many valid claims there will be) and severity (ie the cost of settling each claim), including exposure to inflation in claim amounts over time. Therefore, there are uncertainties when setting the corresponding provisions.

4.8.2. These uncertainties were considered in detail in section 5.9 of my Scheme Report.

4.9. Overall conclusion: reserving considerations

4.9.1. I am satisfied that my conclusions remain unchanged from the Scheme Report. In summary:

I have concluded that the Non-Transferring Soteria Policyholders, Non-Transferring DLUK Policyholder, Transferring Soteria Policyholders, Transferring DLUK Policyholders and Existing DIUK Policyholders will not be materially adversely affected by the reserving aspects of the Proposed Transfer.

5. Capital considerations

5.1. My considerations relating to capital

5.1.1. As IE, my overall assessments related to capital are:

- whether the projected capital requirements have been calculated appropriately for Soteria, DIUK and DLUK;
- whether there are expected to be any material adverse changes in the strength of capital protection for any group of policyholders (I have assessed this by comparing the projected SCR coverage ratios pre- and post- the Proposed Transfer for Soteria and DIUK and the projected MCR coverage ratios for DLUK); and
- whether any other aspects of the capital considerations may lead to policyholders being materially adversely affected by the Proposed Transfer.

5.1.2. These assessments were considered in section 6 of my Scheme Report.

5.1.3. In this Supplementary Report, I have also considered the updated SCR coverage ratio and balance sheet projections for Soteria, DIUK and DLUK based on data as at 31 December 2025. Soteria, DIUK and DLUK have confirmed to me that actual experience has remained broadly in line with expectations over the period from 31 December 2025 and 30 June 2026. Therefore, the SCR coverage ratio and balance sheet projections remain appropriate as at the time of writing this Supplementary Report.

5.2. Projected SCR coverage ratios for Soteria, DIUK and DLUK

5.2.1. For the purposes of this report and the Scheme Report, I describe a company as “sufficiently capitalised” if the SCR coverage ratio is between 100% and 150%. I describe a company as “well capitalised” if the SCR coverage ratio is between 150% and 200% and “very well capitalised” if the SCR coverage ratio is in excess of 200%.

5.2.2. Since providing my Scheme Report, Soteria, DIUK and DLUK have updated their analysis of projected SCR coverage ratios based on more recent data. As such, the coverage ratios quoted in this report have changed since those included in the Scheme Report.

Projected SCR coverage ratios immediately pre- and post-transfer

5.2.3. The Effective Date of the Proposed Transfer is expected to be 30 September 2026.

5.2.4. The table below sets out the projected SCR and coverage ratios, as prepared by Soteria, DIUK and DLUK, immediately before and after the Proposed Transfer ie at Day 0 and Day 1 respectively. The projections are based on data as at 31 December 2025. Soteria, DIUK and DLUK have confirmed to me that actual experience has remained broadly in line with expectations over the period from 31 December 2025 and 30 June 2026. Therefore, the SCR coverage ratio and balance sheet projections remain appropriate as at the time of writing this Supplementary Report.

Projections before and after the Proposed Transfer	Own Funds	SCR/MCR	Own Funds less SCR/MCR	SCR/MCR coverage ratio	Movement in coverage ratio
Day 0 – before Transfer					
Soteria £m	67.0	22.9	44.0	292%	
DLUK £m	5.7	3.5	2.2	164%	
DIUK £m	17.1	7.9	9.2	215%	
Day 1 – after-Transfer					
Soteria £m	67.0	22.6	44.3	296%	4%
DLUK £m	5.7	3.5	2.2	164%	0%
DIUK £m	17.5	8.9	8.6	197%	(18%)

Source: Soteria, DIUK and DLUK
Note: For DLUK, given that the SCR is projected to be less than the MCR, the MCR applies. The figures shown in the above table are the higher of the SCR and the MCR. For Soteria and DIUK, the SCR is shown. For DLUK, the MCR is shown.

5.2.5. In summary:

- **Non-Transferring Soteria Policyholders:** Soteria's SCR coverage ratio is projected to increase slightly from 292% to 296% immediately after the Proposed Transfer. Therefore I do not consider the security provided to Non-Transferring Soteria Policyholders to be materially adversely affected by the Proposed Transfer.
- **Non-Transferring DLUK Policyholder**: DLUK's SCR coverage ratio is expected to be unchanged at 164% immediately before and after the Proposed Transfer. Therefore I do not consider the security provided to the Non-Transferring DLUK Policyholder to be materially adversely affected by the Proposed Transfer.
- **Transferring Soteria Policyholders**: Transferring Soteria Policyholders will move from an insurer with a 292% SCR coverage ratio to an insurer with a 197% SCR coverage ratio as a result of the Proposed Transfer. I do not consider the security provided to Transferring Soteria Policyholders to be materially adversely affected by this change in SCR coverage ratio as DIUK will still be well capitalised.
- On the face of it, the reduction in SCR coverage ratio for Transferring Soteria Policyholders from 292% to 197% might appear to be a significant fall in capital strength. However, the SCR is calibrated such that a 100% coverage ratio would equate to a 0.5% probability of insolvency over the next year. A 197% coverage ratio therefore equates to a remote probability of insolvency (ie much less than 0.5%). The reduction in capital coverage ratio from 292% to 197% does not, in my opinion, equate to a material difference in the probability of insolvency.
- **Transferring DLUK Policyholders:** Transferring DLUK Policyholders will move from an insurer with a 164% regulatory capital coverage ratio (based on DLUK's MCR) to an insurer with a 197% SCR coverage ratio as a result of the Proposed Transfer. Therefore I do not consider the security provided to Transferring DLUK Policyholders to be materially adversely affected by the Proposed Transfer.
- **Existing DIUK Policyholders**: DIUK's SCR coverage ratio is projected to reduce from 215% to 197% as a result of the Proposed Transfer. I do not consider the security provided to Existing DIUK Policyholders to be materially adversely affected by this change in SCR coverage ratio as DIUK will still be well capitalised.

5.2.6. Immediately following the Proposed Transfer, Soteria is expected to be very well capitalised and DIUK and DLUK are expected to be well capitalised.

Projected SCR coverage ratios after the Proposed Transfer

5.2.7. Soteria, DIUK and DLUK have provided me with their SCR coverage ratio projections following the Proposed Transfer. Soteria has provided projections through to 31 December 2030 and DIUK and DLUK have provided projections through to 31 December 2028.

5.2.8. These projections indicate that Soteria is projected to remain very well capitalised (as defined in section 5.2) between Day 1 and 31 December 2030. DIUK is projected to remain at least well capitalised both in a scenario where DIUK takes on additional portfolios in line with its business plan, or in an alternative scenario where DIUK's existing and Transferring Business runs off over time following the Proposed Transfer. DLUK is projected to remain at least sufficiently capitalised over this period.

5.2.9. In practice, the actual coverage ratios may be higher or lower than projected depending on claims and other experience. Soteria, DIUK and DLUK will routinely monitor their capital and projected capital position in line with their capital management policies and risk appetite. This could also lead to the coverage ratios being higher or lower than projected but they are expected to remain above the firms' risk appetite levels.

5.2.10. The changes in SCR coverage ratios since my Scheme Report have not led me to change my conclusions regarding capital considerations in that report.

5.3. SCR scenario analysis

5.3.1. In section 6.10 of my Scheme Report, I considered the impact of a range of adverse scenarios for Soteria and DIUK, based on projections prepared by each entity at my request. I considered each scenario pre- and post-transfer to assess the impact of the Proposed Transfer.

5.3.2. The purpose of the analysis is to assess whether Soteria and DIUK can withstand adverse experience for their business and whether, under these circumstances, each insurer still provides appropriate security to all groups of policyholders. The scenarios do not attempt to represent the full range of possible adverse events to which the insurers may be exposed. Rather, they aim to focus on key areas relevant to Soteria and DIUK.

5.3.3. I have not considered the impact of adverse scenarios on DLUK due to its low materiality. The Non-Transferring DLUK Business relates to only one policyholder, DAG, which is another DARAG Group entity. In addition, DLUK's SCR is projected to be lower than its MCR at both Day 0 and Day 1, so the MCR applies.

5.3.4. All of the scenarios were specified and reviewed for reasonableness by me, but the calculations have been performed by Soteria and DIUK respectively.

5.3.5. The tables below summarise the results of the scenario analysis on the updated balance sheet projections based on data as at 31 December 2025. Soteria, DIUK and DLUK have confirmed to me that actual experience has remained broadly in line with expectations over the period from 31 December 2025 and 30 June 2026. Therefore, the scenario analysis on the balance sheet projections as at 31 December 2025 remains appropriate as at the time of writing this Supplementary Report.

5.3.6. I have used the same scenario labelling (i.e scenarios A to M2) as per the Scheme Report.

Soteria scenarios

Soteria		Area	SCR coverage ratios			
			Day 0	Impact on Day 0	Day 1	Impact on Day 1
Base result (Soteria's projections)			**292%**		**296%**	
A)	Deterioration of reserves: 20% for Non-Transferring Soteria Business, 40% for Transferring Soteria Business	Reserves	198%	(94%)	201%	(95%)
B)	Deterioration of reserves: 40% for Non-Transferring Soteria Business, 60% for Transferring Soteria Business	Reserves	127%	(165%)	128%	(167%)
C)	Mesothelioma scenario for Transferring Soteria Business: 10% increase in future claim numbers and 1% pa increase in inflation	Reserves	287%	(5%)	296%	0%
D)	PPO scenario for Non-Transferring Soteria Business: 1.5% pa increase in claims inflation, 1.5% pa decrease in discount rate, 5 year increase in life expectancy and 20% more claims settling as PPOs (rather than lump sums) compared to base assumptions	Reserves	66%	(226%)	67%	(229%)
E)	Nominal interest rates fall to 0%	Market	63%	(229%)	104%	(192%)
F)	Adverse market risk scenario: 600 basis points increase in credit spreads and instantaneous 3 notch downgrade of bond portfolio	Market	230%	(62%)	238%	(58%)
G)	A combination of Test A and Test E	Combined reserve and market	35%	(257%)	48%	(247%)
H)	Default of largest external reinsurer with 50% recovery	Reinsurance	285%	(7%)	288%	(8%)
I)	Reverse stress test: 69% deterioration of gross reserves for settled and potential PPOs, no corresponding increase in reinsurance recoveries and default of largest reinsurer	Reverse stress test	2%	(290%)	2%	(294%)

5.3.7. The scenarios are conservative in that they do not allow for any management actions that could mitigate the reduction in SCR coverage ratios. They also do not allow for the potential mitigating effect of any deferred tax assets.

5.3.8. For Soteria, the updated scenario analysis demonstrates broadly similar impacts of the stresses as those set out in my Scheme Report, albeit now starting from slightly higher base SCR coverage ratio positions ie 292% compared to 286% at Day 0 and 296% compared to 288% at Day 1.

DIUK scenarios

DIUK	Area	SCR coverage ratios Day 0	Impact on Day 0	Day 1	Impact on Day 1
Base result (DIUK's projections)		**215%**		**197%**	
A) Deterioration of reserves: 40% for Transferring Soteria Business and Existing DIUK Business	Reserves	155%	(60%)	144%	(53%)
B) Deterioration of reserves: 60% for Transferring Soteria Business and Existing DIUK Business	Reserves	129%	(87%)	121%	(76%)
C) Mesothelioma scenario for Transferring Soteria Business: 10% increase in future claim numbers and 1% pa increase in inflation	Reserves	195%	(21%)	179%	(18%)
D) PPO scenario for Non-Transferring Soteria Business: not applicable for DIUK.	Reserves	n/a	n/a	n/a	n/a
E) Nominal interest rates fall to 0%	Market	246%	31%	228%	31%
F) Adverse market risk scenario: 6% increase in interest rates (applicable only to investments, not reserves) and instantaneous 3 notch downgrade of bond portfolio	Market	144%	(72%)	132%	(65%)
G) A combination of Test A and Test E	Combined reserve and market	194%	(22%)	181%	(16%)
H) Default of largest external reinsurer with 50% recovery	Reinsurance	174%	(41%)	161%	(36%)
I) Reverse stress test: 180% (£18.2m) deterioration of reserves for Transferring Soteria Business	Reverse stress test	4%	(211%)	7%	(190%)
J) A combination of Test A and Test F	Combined reserve and market	85%	(130%)	80%	(117%)
K) DIUK's reserves increase by c. £3m (illustration of DIUK adopting Soteria's view of reserves for the Transferring Soteria business)	Reserves	198%	(17%)	185%	(13%)
M) A combination of Test A and default of intragroup reinsurer (DAG) resulting in a loss of reinsurance recoveries above the funds withheld asset	Combined reserve and outwards reinsurance	140%	(76%)	132%	(66%)
M2) A combination of Test M and a 40% reserve deterioration for DIGL, resulting in a loss of DIGL's reinsurance recoveries above the funds withheld asset, which impacts DIUK's participation in DIGL	Combined reserve and outwards reinsurance	132%	(84%)	122%	(75%)

5.3.9. The scenarios are conservative in that they do not allow for any management actions that could mitigate the reduction in SCR coverage ratios. They also do not allow for the potential mitigating effect of any deferred tax assets.

5.3.10. For DIUK, the impacts of scenarios A and B (and all other scenarios involving scenario A) are more material than in the Scheme Report (for example, scenario A led to a 40% reduction in DIUK's Day 1 SCR coverage ratio in the Scheme Report, compared to a 53% reduction in this report). This is due to the increase in DIUK's technical provisions between 30 September 2025 and 31 December 2025. However, DIUK still remains at least sufficiently capitalised in scenarios A and B. In all scenarios, even the most extreme and remote scenarios considered, DIUK is still expected to be able to pay its claims in full.

5.3.11. Scenario K considers a c. £3m increase in DIUK's reserves (gross of the 50% QS) as at the Effective Date. This scenario is intended to illustrate the impact of DIUK adopting Soteria's view of reserves for the Transferring Soteria Business. As at 31 December 2025, Soteria's reserves were approximately £3m higher than DIUK's. However, as shown in section 4.6, the difference between the two estimates had reduced to approximately £2m as at 30 June 2026. Therefore, the actual impact of DIUK adopting Soteria's view of reserves is expected to be less than the impact of scenario K. Nonetheless, this remains a helpful illustration of the materiality of the reserve difference on DIUK's SCR coverage ratio. DIUK remains well capitalised in this scenario.

5.3.12. In my Scheme Report, scenario L showed the impact of DIGL not becoming a subsidiary of DIUK. DIGL is another DARAG Group entity which became a subsidiary of DIUK via equity participation during June 2026. As such, this scenario can no longer materialise, and I have not updated this scenario in this report.

5.3.13. For all other scenarios, the updated scenario analysis demonstrates broadly similar impacts of the stresses as those set out in my Scheme Report, albeit now starting from a slightly lower base SCR coverage ratio position at Day 1 ie 197% compared to 200%.

Adjusted scenarios for Transferring Soteria Policyholders

5.3.14. All scenarios shown above have been applied to each firm's own base results. That is, the results of Soteria's scenario analysis show the impact compared to Soteria's base results, and the results of DIUK's scenario analysis show the impact compared to DIUK's base results.

5.3.15. There was a £3.2m (16%) difference between Soteria's and DIUK's view of the gross of reinsurance provisions for the Transferring Soteria Business as at 31 December 2025 (see section 4.6), which is the as at date at which the balance sheets were projected by the firms. As at 30 June 2026, this difference reduced to £1.8m. Therefore, Transferring Soteria Policyholders will be moving from an insurer with higher reserves (for the Transferring Soteria Business) to an insurer with lower reserves (for the Transferring Soteria Business). To illustrate the materiality of this, I have considered an alternative scenario (scenario K) in which DIUK's gross reserves increase by c. £3m. The actual impact of DIUK adopting Soteria's view of reserves is expected to be less than the impact of scenario K. Even in this scenario, DIUK is projected to be well capitalised at both Day 0 and Day 1. This scenario shows that the difference in DIUK's and Soteria's views of the Transferring Soteria Business' reserves does not have a significant impact on the Day 0 and Day 1 coverage ratios.

5.3.16. The table below shows the impacts of each scenario on Soteria's Day 0 SCR coverage ratio and DIUK's Day 1 SCR coverage ratio. This is to give an illustration of an as-if, like-for-like comparison pre- and post-transfer for Transferring Soteria Policyholders. DIUK's Day 1 SCR coverage ratio is shown as if DIUK had adopted a higher view of reserves for the Transferring Soteria Business, similar to Soteria's view. These figures are meant for illustrative purposes only. These figures show the impact of combining scenario K with each of the other scenarios.

Scenario	Area	SCR coverage ratios	
		Soteria Day 0	DIUK Day 1
Base result (unadjusted)		**292%**	**197%**
Illustrative adjusted base result (DIUK Day 1 adjusted to use Soteria's view of reserves for the Transferring Soteria Business)		**292%**	**185%**
A) Deterioration of reserves: 40% for Transferring Soteria Business and Existing DIUK Business	Reserves	198%	128%
B) Deterioration of reserves: 60% for Transferring Soteria Business and Existing DIUK Business	Reserves	127%	103%
C) Mesothelioma scenario for Transferring Soteria Business: 10% increase in future claim numbers and 1% pa increase in inflation	Reserves	287%	164%
D) PPO scenario for Non-Transferring Soteria Business: not applicable for DIUK.	Reserves	66%	n/a
E) Nominal interest rates fall to 0%	Market	63%	211%
F) Adverse market risk scenario: 6% increase in interest rates (applicable only to investments, not reserves) and instantaneous 3 notch downgrade of bond portfolio	Market	230%	119%
G) A combination of Test A and Test E	Combined reserve and market	35%	162%
H) Default of largest external reinsurer with 50% recovery	Reinsurance	285%	143%
J) A combination of Test A and Test F	Combined reserve and market	n/a	64%
M) A combination of Test A and default of intragroup reinsurer (DAG) resulting in a loss of reinsurance recoveries above the funds withheld asset	Combined reserve and outwards reinsurance	n/a	102%
M2) A combination of Test M and a 40% reserve deterioration for DIGL, resulting in a loss of DIGL's reinsurance recoveries above the funds withheld asset, which impacts DIUK's participation in DIGL	Combined reserve and outwards reinsurance	n/a	86%

5.3.17. The table above shows that, even after adjusting for the difference in reserves between Soteria and DIUK, under the majority of scenarios considered, DIUK is expected to remain sufficiently capitalised. Under all scenarios, even the most extreme and remote scenarios considered, DIUK is expected to be able to pay its claims in full following the Proposed Transfer.

5.3.18. The updated scenario analysis has not led me to change any of my conclusions in my Scheme Report regarding capital considerations.

5.3.19. My conclusions from the scenario analysis are as follows:

Non-Transferring Soteria Policyholders

5.3.20. The impact of each stressed scenario on Soteria is broadly similar both immediately pre-transfer (ie at Day 0) and immediately post-transfer (ie at Day 1). This is because of the LPT agreement in place pre-transfer covering 100% of the Transferring Soteria Business. In all adverse scenarios considered, the Soteria SCR coverage ratio is slightly higher at Day 1 than Day 0 because Soteria no longer has counterparty default risk in respect of the LPT post-transfer.

5.3.21. Therefore, under these scenarios, I am satisfied that Non-Transferring Soteria Policyholders are not materially adversely affected as a result of the Proposed Transfer.

Transferring Soteria Policyholders

5.3.22. Under the majority of scenarios considered, DIUK remains at least sufficiently capitalised. Under all scenarios, even in the most extreme and remote scenarios considered, DIUK is still expected to be able to pay its claims in full.

5.3.23. In addition, following the Proposed Transfer, the Transferring Soteria Policyholders will no longer be exposed to the PPO scenario in respect of the Non-Transferring Soteria Business.

5.3.24. The adjusted scenarios shown in paragraph 5.3.15 show that, even after adjusting for the difference in reserves between Soteria and DIUK, DIUK is expected to be able to pay its claims in full under all adverse scenarios considered.

5.3.25. Given this, I am satisfied that the Transferring Soteria Policyholders are not materially adversely affected as a result of the Proposed Transfer.

Existing DIUK Policyholders

5.3.26. The impact of most stressed scenarios on DIUK is similar both immediately pre-transfer (ie at Day 0) and immediately post-transfer (ie at Day 1). This is because of the QS agreement in place between DAG and DIUK immediately prior to the Proposed Transfer, under which DIUK reinsures 50% of DAG's exposure to the Transferring Soteria Business. Post-transfer, DAG will reinsure 50% of DIUK's exposure to the Transferring Soteria Business.

5.3.27. Under the majority of scenarios considered, DIUK remains at least sufficiently capitalised. Under all scenarios, even in the most extreme and remote scenarios considered, DIUK is still expected to be able to pay its claims.

5.3.28. Therefore, under these scenarios, I am satisfied that Existing DIUK Policyholders are not materially adversely affected as a result of the Proposed Transfer.

5.4. Overall conclusion: Capital considerations

5.4.1. I am satisfied that my conclusions related to capital remain unchanged from my Scheme Report.

5.4.2. In summary:

- For Non-Transferring Soteria Policyholders, the capital strength of Soteria, as measured by the SCR coverage ratio, is projected to be slightly higher post-transfer than pre-transfer.
- For the Non-Transferring DLUK Policyholder, the capital strength of DLUK, as measured by the MCR coverage ratio, is projected to be unchanged pre-transfer and post-transfer.
- For Transferring Soteria Policyholders, the SCR coverage ratio is projected to reduce after the Proposed Transfer. However, I do not consider the security provided to Transferring Soteria Policyholders to be materially adversely affected by the projected reduction in SCR coverage ratio post-transfer, as DIUK will still be well capitalised.
- For Transferring DLUK Policyholders, the regulatory capital coverage ratio is projected to be higher post-transfer than pre-transfer.

- For Existing DIUK Policyholders, the capital strength of DIUK, as measured by the SCR coverage ratio, is projected to be slightly lower post-transfer than pre-transfer. However, I do not consider the security provided to Existing DIUK Policyholders to be materially adversely affected by the projected reduction in SCR coverage ratio post-transfer, as DIUK will still be well capitalised.
- I have also considered a number of stress scenarios for Soteria and DIUK. Under all scenarios, even the most extreme and remote scenarios considered, both Soteria and DIUK are still expected to be able to pay its claims.
- Further, Soteria has provided capital projections until 31 December 2030 which indicate that Soteria is projected to remain very well capitalised over this period. DIUK and DLUK have also provided capital projections until 31 December 2028. These projections indicate that DIUK is projected to remain at least well capitalised both in a scenario where DIUK takes on additional portfolios in line with its business plan, or in an alternative scenario where DIUK's existing and Transferring Business runs off over time following the Proposed Transfer. DLUK is projected to remain at least sufficiently capitalised.
- I do not expect there to be any materially adverse changes in the strength of capital protection for any group of policyholders as a result of the Proposed Transfer.

5.4.3. Overall, considering all of the above factors, I have concluded that there is no materially adverse impact from the Proposed Transfer for any group of policyholders in terms of capital security.

6. Policyholder security

6.1. My considerations relating to policyholder security

6.1.1. As IE, my overall assessments related to policyholder security are:

- whether the likelihood of valid policyholder claims being paid is maintained following the Proposed Transfer for Non-Transferring Soteria Policyholders, the Non-Transferring DLUK Policyholder, Transferring Soteria Policyholders, Transferring DLUK Policyholders and Existing DIUK Policyholders.
- whether any change in policyholder security results in policyholders being materially adversely affected by the Proposed Transfer.

6.1.2. These assessments were considered in section 7 of my Scheme Report.

6.1.3. In this Supplementary Report, I have also considered the updated projected balance sheets of Soteria, DIUK and DLUK immediately pre- and post- the Proposed Transfer.

6.2. Impact on the balance sheets of Soteria, DIUK and DLUK

6.2.1. I have updated the analysis set out in section 7.2 of the Scheme Report to reflect Soteria's, DIUK's and DLUK's latest projections.

Soteria

6.2.2. The table below shows the simplified Solvency UK balance sheets for Soteria as at 31 December 2025 and projected to Day 0 and Day 1. Soteria has confirmed to me that actual experience has remained broadly in line with expectations over the period from 31 December 2025 and 30 June 2026. Therefore, the balance sheet projection at Day 0 and Day 1 remains appropriate as at the time of writing this Supplementary Report.

Solvency UK balance sheets of Soteria: £m

	As at 31 December 2025	Projected Day 0	Projected Day 1	Movement due to Proposed Transfer
Cash and investments	204.7	163.7	147.3	-16.5
Reinsurance recoverables	89.7	82.4	66.0	-16.5
Receivables & other assets	12.8	3.2	3.2	0.0
Total assets	**307.2**	**249.3**	**216.4**	**-32.9**
Technical provisions	182.9	160.5	144.0	-16.5
Reinsurance payable, accounts payable & other liabilities	27.8	21.9	5.4	-16.5
Total liabilities	**210.7**	**182.4**	**149.5**	**-32.9**
Excess of assets over liabilities	**96.5**	**67.0**	**67.0**	**0.0**
Total Eligible Own Funds to meet the SCR	**96.5**	**67.0**	**67.0**	**0.0**
Tier 1	0	0	0	0.0
Tier 2	0	0	0	0.0
Tier 3	0	0	0	0.0
Total capital (SCR)	**28.4**	**22.9**	**22.6**	**-0.3**
SCR coverage ratio	**340%**	**292%**	**296%**	**4%**

Source: *Soteria*
Note: The balance sheet figures shown in this table include some simplifications.

6.2.3. Soteria's excess of assets over liabilities reduces by £29.5m between 31 December 2025 and Day 0, mainly due to a dividend of £30m expected to be paid during Q3 2026. Note that any future dividends will be considered in the context of Soteria's financial strength, risk appetite and resilience to stress testing, and would require a non-objection from the PRA.

6.2.4. Overall, Soteria's eligible own funds are unchanged between Day 0 and Day 1, because the Proposed Transfer effectively replicates the current economic position in respect of own funds. This is due to the LPT agreement and QS agreement currently in place, and the plans to implement a similar QS agreement under which DAG will reinsure DIUK post-transfer.

6.2.5. The reduction in technical provisions between Day 0 and Day 1 is due to the transfer of the Transferring Soteria Business from Soteria to DIUK. There is a corresponding reduction in reinsurance recoverables due to the LPT agreement in place pre-transfer. There are also offsetting movements in investments and reinsurance payables due to the removal of the LPT and associated funds withheld arrangement post-transfer.

6.2.6. There is a small (£0.3m) decrease in the SCR following the Proposed Transfer, due to the removal of counterparty default risk pre-transfer in respect of the LPT agreement between Soteria and DAG. The SCR coverage ratio therefore increases by 4% between Day 0 and Day 1.

DIUK

6.2.7. The table below shows the simplified Solvency UK balance sheets for DIUK as at 31 December 2025 and both pre- and post- the Proposed Transfer. DIUK has confirmed to me that actual experience has remained broadly in line with expectations over the period from 31 December 2025 and 30 June 2026. Therefore, the balance sheet projection at Day 0 and Day 1 remains appropriate as at the time of writing this Supplementary Report.

Solvency UK balance sheets of DIUK: £m

	As at 31 December 2025	Projected Day 0	Projected Day 1	Movement due to Proposed Transfer
Cash and investments	8.3	26.3	26.7	0.4
Reinsurance recoverables	15.2	13.8	19.0	5.2
Receivables & other assets	0.2	0.0	0.0	0.0
Total assets	**23.7**	**40.2**	**45.7**	**5.5**
Technical provisions	19.0	23.1	28.2	5.2
Reinsurance payable, accounts payable & other liabilities	0.3	0.0	0.0	0.0
Total liabilities	**19.3**	**23.1**	**28.2**	**5.2**
Excess of assets over liabilities	**4.4**	**17.1**	**17.5**	**0.4**
Total Eligible Own Funds to meet the SCR	**4.4**	**17.1**	**17.5**	**0.4**
Tier 1	4.4	17.1	17.5	0.4
Tier 2	0.0	0.0	0.0	0.0
Tier 3	0.0	0.0	0.0	0.0
Total capital (SCR)	**1.6**	**7.9**	**8.9**	**0.9**
Total capital (MCR)	**3.5**	**3.6**	**4.0**	**0.4**
Capital coverage ratio	**126%**	**215%**	**197%**	**-18%**

Source: *DIUK*
Note 1: The balance sheet figures shown in this table include some simplifications.
Note 2: As at 31 December 2025, the MCR is higher than the SCR, so the MCR applies and the capital coverage ratio is based on the MCR.

6.2.8. As was the case in my Scheme Report, DIUK's Eligible Own Funds and SCR are projected to increase materially ahead of the Proposed Transfer. This is mainly due to DLUK and DIGL (two other DARAG group entities) becoming subsidiaries of DIUK via equity participation prior to the Proposed Transfer. DLUK became a subsidiary of DIUK in March 2026 and DIGL became a subsidiary of DIUK in June 2026.

6.2.9. There is also an increase in technical provisions, eligible own funds and SCR between 31 December 2025 and Day 0 as a result of the 50% QS reinsurance provided by DIUK to DAG in respect of the Transferring Soteria Business prior to the Proposed Transfer. This QS reinsurance is included in DIUK's Day 0 figures but is not included in DIUK's 31 December 2025 figures (as this agreement had not yet been signed at that date).

6.2.10. Post-transfer, DIUK's technical provisions increase by a further £5.2m because DIUK carries 100% of the Transferring Soteria Business after the Proposed Transfer (rather than 50% prior to the Proposed Transfer). However, there is a corresponding increase in reinsurance recoverables due to the QS reinsurance provided by DAG to DIUK post-transfer. Overall, DIUK's excess of assets over liabilities and total eligible own funds to meet the SCR are therefore similar pre- and post-transfer.

6.2.11. DIUK's SCR is expected to increase from £7.9m to £8.9m between Day 0 and Day 1. This is driven by an increase in counterparty default risk relating to the reinsurance to be provided by DAG post-transfer, and an increase in spread risk because of the investment of transferred assets post-transfer. Overall, DIUK's SCR coverage ratio reduces from 215% to 197% as a result of the Proposed Transfer.

6.2.12. DIUK's projected Day 0 Eligible Own Funds and SCR have reduced since the Scheme Report (from £20.5m to £17.1m and from £9.5m to £7.9m respectively). The Day 1 Eligible Own Funds and SCR have also reduced accordingly.

6.2.13. This is predominantly driven by a reduction in DIGL's Eligible Own Funds due to an increase in its reserves (DIGL is a subsidiary of DIUK, so a change in DIGL's Eligible Own Funds impacts its participation value).

6.2.14. The increase in DIGL's reserves is driven by the AWAC portfolio, which is comprised of an LPT of direct primary casualty general liability business written between 2009 and 2019. The primary driver for the increase on this portfolio is higher than expected incurred claims experience on three large claims.

6.2.15. I consider the impact of a further reserve deterioration for DIGL, at the same time as a DIUK reserve deterioration and default of the intragroup reinsurer (DAG) in section 5.3. Even in this extreme scenario, DIUK is still expected to be able to pay its claims in full.

6.2.16. Overall, DIUK's Day 0 SCR coverage ratio is unchanged compared to the Scheme Report.

DLUK

6.2.17. The table below shows the simplified Solvency UK balance sheets for DLUK as at 31 December 2025 and both pre- and post- the Proposed Transfer. DLUK has confirmed to me that actual experience has remained broadly in line with expectations over the period from 31 December 2025 and 30 June 2026. Therefore, the balance sheet projection at Day 0 and Day 1 remains appropriate as at the time of writing this Supplementary Report.

Solvency UK balance sheets of DLUK: £m

	As at 31 December 2025	Projected Day 0	Projected Day 1	Movement due to Proposed Transfer
Cash and investments	3.2	3.2	3.2	0.0
Deposits to cedants	4.4	3.1	3.1	0.0
Reinsurance recoverables	0.0	0.0	0.0	0.0
Receivables & other assets	0.0	0.7	0.7	0.0
Total assets	**7.6**	**7.1**	**7.1**	**0.0**
Technical provisions	1.7	1.4	1.4	0.0
Reinsurance payable, accounts payable & other liabilities	0.2	0.0	0.0	0.0
Total liabilities	**1.9**	**1.4**	**1.4**	**0.0**
Excess of assets over liabilities	**5.7**	**5.7**	**5.7**	**0.0**
Total Eligible Own Funds to meet the SCR	**5.7**	**5.7**	**5.7**	**0.0**
Tier 1	5.7	5.7	5.7	0.0
Tier 2	0.0	0.0	0.0	0.0
Tier 3	0.0	0.0	0.0	0.0
Total capital (SCR)	**1.0**	**0.9**	**0.9**	0.0
Total capital (MCR)	**3.5**	**3.5**	**3.5**	0.0
Capital coverage ratio	**163%**	**164%**	**164%**	**0%**

Source: *DLUK (converted to £m)*
Note 1: The balance sheet figures shown in this table include some simplifications.
Note 2: DLUK's MCR is higher than its SCR, so the MCR applies and the capital coverage ratio is based on the MCR.

6.2.18. £4.4m of DLUK's assets as at 31 December 2025 were in respect of deposits to cedants. This relates to a funds withheld account for the intra-group one-off reinsurance agreement with DAG. This reduces to £3.1m by Day 0 and then remains unchanged at Day 1. This is due to the run-off of reserves for this reinsurance agreement. The technical provisions also decrease between 31 December 2025 and Day 0 due to the run-off of reserves.

6.2.19. DLUK's capital coverage ratio (based on the MCR) is expected to remain very similar between 31 December 2025 and Day 0, and then to remain unchanged at Day 1. The Transferring DLUK Business represents a very small proportion (~0.2%) of the DLUK reserves pre-transfer.

6.3. Reinsurance arrangements

6.3.1. In June 2026, DAG and DIUK entered into a QS agreement with an effective date of 1 January 2026 (i.e. prior to the Proposed Transfer), whereby DIUK reinsures 50% of DAG's exposure to the Transferring Soteria Business. This reinsurance is provided on a funds withheld basis, whereby an amount equal to the best estimate liabilities is retained by DAG in a funds withheld account. This agreement will remain in place up to the Effective Date of the Proposed Transfer. This was planned and discussed in my Scheme Report.

6.3.2. Other than this, there have been no material changes to the reinsurance arrangements since my analysis included in the Scheme Report.

6.3.3. DLUK has been commuting its outwards reinsurance contracts. DLUK's remaining outwards reinsurance is relatively minor, with reserves for reinsurance recoveries of only approximately £150 as at 30 June 2026. DARAG has confirmed that no further commutations of DLUK's outwards reinsurance have occurred since my Scheme Report and that DLUK will not be commuting any further business prior to the Effective Date of the Proposed Transfer.

6.3.4. The Proposed Transfer will not affect the underlying terms and conditions of the other existing reinsurance arrangements. DIUK, DLUK and Soteria have confirmed that there will be no changes to any other existing reinsurance arrangements as a result of the Proposed Transfer.

6.4. Access to the Financial Services Compensation Scheme and the Financial Ombudsman Service

6.4.1. There have been no changes related to access to the Financial Services Compensation Scheme and the Financial Ombudsman Service since my analysis included in the Scheme Report in sections 7.5 and 7.6 respectively.

6.4.2. Therefore, my conclusion that I do not expect the rights of the policyholders in respect of access to the FSCS or FOS to change as a result of the Proposed Transfer remains unchanged.

6.5. Insurance regulation

6.5.1. There have been no changes related to prudential or conduct regulation since my analysis included in section 7.7 of my Scheme Report that would impact my conclusions.

6.5.2. Therefore, my conclusion that Soteria, DIUK and DLUK policyholders will not be adversely affected by the Proposed Transfer from a regulatory standpoint remains unchanged.

6.5.3. Soteria's, DIUK's and DLUK's legal advisers have confirmed that no additional transfer process and/or approval is required from overseas regulators in respect of policies that are not subject to the laws of England and Wales.

6.6. Overall conclusion: Policyholder security

6.6.1. Based on the analysis set out above, I am satisfied that my conclusions remain unchanged from the Scheme Report. In summary:

I have concluded that policyholders will not be materially adversely affected by the Proposed Transfer in regard to policyholder security.

7. Policyholder communications

7.1. My considerations relating to policyholder communications

7.1.1. As IE, my overall assessments related to policyholder communications are:

- the appropriateness of Soteria's, DIUK's and DLUK's communication strategy to inform policyholders of the Proposed Transfer.
- whether the policyholders are to be provided with sufficient and clear enough information so that they can understand how the Proposed Transfer may affect them.

7.1.2. These assessments were considered in section 8 of my Scheme Report.

7.1.3. In this Supplementary Report, I have also considered the following:

- Policyholder and other stakeholder responses to Soteria, DIUK and DLUK communications; and
- Policyholder and other stakeholder objections to the Proposed Transfer.

7.2. Policyholder responses to Soteria, DIUK and DLUK communications

7.2.1. Soteria, DIUK and DLUK have confirmed that communications with policyholders have been carried out in line with the communications plan agreed at the Directions Hearing on 26 May 2026, with the communications exercise commencing on 15 June 2026:

- **Transferring Soteria Policyholders**: in total, 788 communication packs were sent out, including to:
    - ELTO (the Employers' Liability Tracing Office)
    - 579 Transferring ELTO Policyholders (those policyholders identified from the ELTO database for whom Soteria provided insurance cover) where a current name and address could be found;
    - 183 Known Claimant Solicitors
    - 26 Potential Claimant Solicitors
- **Transferring DLUK Policyholders**: 89 communication packs were sent directly to the Transferring DLUK Policyholders.
- **Existing DIUK Policyholders**: 144 communication packs were sent directly to all Existing DIUK Policyholders with open claim notifications (144 of the 12,926 Existing DIUK Policyholders).
- **Reinsurers of DLUK covering the Transferring DLUK Business**: all reinsurers of DLUK covering the Transferring DLUK Business were notified of the Proposed Transfer via email.

7.2.2. Soteria, DIUK and DLUK have confirmed that all notices detailed in the communications plan agreed with the High Court at the Directions Hearing have been published. Soteria, DIUK and DLUK have also confirmed that there have been no diversions from the communications strategy.

7.2.3. As at 31 August 2026, which was the latest available data prior to finalising this Supplementary Report:

- Soteria had received 15 policyholder responses, all of which were general enquiries eg requesting why they had received notification of the Proposed Transfer.
- For DLUK, 11 notifications were returned to sender. DLUK had received 10 policyholder responses, 4 of which were general enquiries and 6 of which were document requests. The document requests included requests for policy slips and other details of the underlying policy. All of the document requests have been resolved. The returns related to email bounce-backs, 7 of which have now been resolved and DLUK is working to resolve the remaining returns through alternative contact routes. 2 of the general enquiries were requests to speak about the Proposed Transfer in further detail, and DLUK is in the process of arranging these discussions. The other 2 general enquiries were requests to discuss DLUK's ongoing commutation efforts, which are unrelated to the Proposed Transfer.
- DIUK had received no policyholder responses. 36 of the posted policyholder notification letters had been returned to sender. The returns related to undelivered postal correspondence, most likely as a result of outdated policyholder contact details, given the age of the underlying business (2001-2003). DIUK has identified seven policyholders where they are attempting an alternative address.

7.2.4. I have reviewed a summary of the policyholder responses. The reasons for the contact are summarised in the following table:

Reason	Number of responses – Soteria	Number of responses - DLUK	Number of responses - DIUK
General enquiry	15	4	0
Returns	0	11	36
Objection	0	0	0
Complaint	0	0	0
Technical enquiry	0	0	0
Document request	0	6	0
Total	**15**	**21**	**36**

7.3. Policyholder objections to the Proposed Transfer

7.3.1. No objections to the Proposed Transfer had been raised as at August 2026 by either Soteria, DIUK or DLUK policyholders.

7.3.2. As such, my conclusions in my Scheme Report and this Supplementary Report are unchanged with regard to any objections, as none have been raised.

7.4. Overall conclusion: Policyholder communications

7.4.1. The communications regarding the Proposed Transfer have been carried out in line with the communications plan agreed with the High Court at the Directions Hearing on 26 May 2026.

7.4.2. I have not identified any objections or complaints that have caused me to change my overall conclusions related to the Proposed Transfer. In my opinion, policyholders and interested parties will have had sufficient time to consider the impact of the Proposed Transfer on them before the Sanction Hearing.

8. Customer service and other considerations

8.1. My considerations relating to customer service

8.1.1. The assessments related to the customer service and other considerations were considered in section 9 of my Scheme Report.

8.2. Customer service

8.2.1. I have reviewed the customer service arrangements of Soteria, DIUK and DLUK and concluded that there will be no material changes to policyholder administration and claims handling, ie the policyholder experience, in respect of:

- Non-Transferring Soteria Policyholders
- The Non-Transferring DLUK Policyholder
- Transferring Soteria Policyholders
- Transferring DLUK Policyholders
- Existing DIUK Policyholders

8.2.2. There have been no changes to the customer service arrangements, in respect of policyholder administration and claims handling, of Soteria, DIUK and DLUK since my analysis included in the Scheme Report.

8.2.3. As such, my conclusions from the Scheme Report remain unchanged ie I anticipate no changes in service levels following the Proposed Transfer.

8.3. Tax implications

8.3.1. There are no direct tax implications of the Proposed Transfer on any of the policyholder groups I have considered.

8.3.2. Soteria, DIUK and DLUK have informed me that they do not anticipate any material tax implications as a result of the Proposed Transfer. Although I am not an expert in matters of taxation, I consider it to be a reasonable assumption that there will not be any material tax implications for any group of policyholders as a result of the Proposed Transfer.

8.3.3. As such, my conclusion is unchanged from the Scheme Report.

8.4. Pension arrangements

8.4.1. Soteria, DIUK and DLUK have informed me that none of the three entities has a defined benefit pension scheme. Therefore, I do not consider that any of the policyholder groups I have considered are materially adversely affected by the Proposed Transfer in terms of pension arrangements.

8.4.2. As such, my conclusion is unchanged from the Scheme Report.

8.5. Investment management implications

8.5.1. There are no planned changes to Soteria's, DIUK's or DLUK's investment strategies or investment risk appetites as a result of the Proposed Transfer. Therefore, I do not anticipate any materially adverse impact for any of the policyholder groups I have considered in terms of investment management as a consequence of the Proposed Transfer.

8.5.2. As such, my conclusion is unchanged from the Scheme Report.

8.6. Implications for ongoing expense levels

8.6.1. All costs and expenses incurred relating to the Proposed Transfer will be borne by Soteria, DIUK and DLUK and will not be borne by policyholders. One-off costs associated with the Proposed Transfer are expected to be modest relative to the size of the Transferring Business and existing portfolios of Soteria, DIUK, and DLUK.

8.6.2. Therefore, there are no impacts for any of the policyholder groups I have considered as a result of any changes to ongoing expense levels.

8.6.3. As such, my conclusion is unchanged from the Scheme Report.

8.7. Impact on liquidity position

8.7.1. There are no expected changes to Soteria's, DIUK's or DLUK's liquidity positions as a result of the Proposed Transfer. Therefore, I do not anticipate any materially adverse impacts on the liquidity position for any of the policyholder groups I have considered as a consequence of the Proposed Transfer.

8.7.2. As such, my conclusion is unchanged from the Scheme Report.

8.8. Impact of other transfers

8.8.1. Soteria has stated that it is currently considering a range of options in respect of the remaining ("Non-Transferring") Soteria business following the Effective Date of the Proposed Transfer, including a potential Part VII transfer of the remaining Non-Transferring Soteria business from Soteria to Tradex or a sale by Saturn Group of the Soteria business. Tradex is another entity within the same group as Soteria (Saturn Holdings). A transfer from Soteria to Tradex would cover Soteria's home and motor liabilities. Should this separate potential transfer proceed, there would be no remaining insurance liabilities in Soteria. In this case, Saturn Holdings would plan to close Soteria. Given that this would involve a separate Part VII process, I have not considered the impact of this future potential transfer here.

8.8.2. The DARAG Group's strategy is to actively increase participation in the UK and Gibraltar legacy insurance market focussing on small to mid-sized portfolios. DIUK is planned to be the DARAG Group's only UK insurance risk carrier. This may potentially include future Part VII transfers. I am not aware of any specific future planned transfers into or out of DIUK that will affect any of the policyholder groups I have considered.

8.8.3. Any future transfers would need to go through a separate Part VII process.

8.9. Set-off

8.9.1. Soteria, DIUK and DLUK have confirmed that there are no changes in set-off rights as a result of the Proposed Transfer. I have also not identified any material set-off rights as part of my review.

8.9.2. Therefore, considerations around set-off do not impact my conclusions, which is the same as was the case in my Scheme Report.

8.10. Overall conclusion: Customer service and other considerations

8.10.1. Since the Scheme Report, there have been no material changes to the Proposed Transfer that affect my analysis on customer service and other aspects of the Proposed Transfer. I am, therefore, satisfied that my conclusions remain unchanged from the Scheme Report. In summary:

I have concluded that no material impact on service standards (or any other considerations within this section of the report) is expected following the Proposed Transfer for Transferring Soteria Policyholders, Transferring DLUK Policyholders, Non-Transferring Soteria Policyholders, the Non-Transferring DLUK Policyholder and Existing DIUK Policyholders.

9. Conclusions and Statement of Truth

9.1. Conclusion

9.1.1. I have considered the Proposed Transfer and its likely effects on the Non-Transferring Soteria Policyholders, the Non-Transferring DLUK Policyholder, the Transferring Soteria Policyholders, the Transferring DLUK Policyholders, the Existing DIUK Policyholders and the reinsurers of the Transferring Business.

9.1.2. In reaching the conclusions set out below, I have applied the principles as set out in relevant professional guidance, being the Technical Actuarial Standards (TASs) TAS 100: General Actuarial Standards and TAS 200: Insurance.

9.1.3. I have concluded that:

- The security provided to Non-Transferring Soteria Policyholders will not be materially adversely affected by the Proposed Transfer. No material impact on service standards is expected for Non-Transferring Soteria Policyholders following the Proposed Transfer.
- The security provided to the Non-Transferring DLUK Policyholder will not be materially adversely affected by the Proposed Transfer. No material impact on service standards is expected for the Non-Transferring DLUK Policyholder following the Proposed Transfer.
- The security provided to Transferring Soteria Policyholders will not be materially adversely affected by the Proposed Transfer. No material impact on service standards is expected for Transferring Soteria Policyholders following the Proposed Transfer.
- The security provided to Transferring DLUK Policyholders will not be materially adversely affected by the Proposed Transfer. No material impact on service standards is expected for Transferring DLUK Policyholders following the Proposed Transfer.
- The security provided to Existing DIUK Policyholders will not be materially adversely affected by the Proposed Transfer. No material impact on service standards is expected for Existing DIUK Policyholders following the Proposed Transfer.
- Reinsurers who provide cover for the Transferring Soteria Business will not be materially adversely affected by the Proposed Transfer.
- Reinsurers who provide cover for the Transferring DLUK Business will not be materially adversely affected by the Proposed Transfer.

9.2. IE duty and declaration

9.2.1. My duty to the High Court overrides any obligation to those from whom I have received instructions or who have paid for me to produce this Report. I confirm that I have complied with that duty.

9.2.2. I confirm that I have made clear which facts and matters referred to in this report are within my own knowledge and which are not. Those that are within my own knowledge I confirm to be true. The opinions I have expressed represent my true and complete professional opinions on the matters to which they refer.

9.2.3. I confirm that I am aware of the requirements applicable to experts in Part 35 of the Civil Procedure Rules, Practice Direction 35 and the Guidance for the Instruction of Experts in Civil Claims 2014. As required by Part 35 of the Civil Procedure Rules, I hereby confirm that I have understood and complied with my duty to the Court.

Charl Cronje FIA
Partner

+44 (0)20 7432 6751
charl.cronje@lcp.com

Professional standards

Our work in preparing this document and the associated documents described above complies with Technical Actuarial Standard 100: General Actuarial Standards, together with Technical Actuarial Standard 200: Insurance.

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Appendix 1 – Summary of data provided

The following is a list of the key data items I have requested and received in assessing the Proposed Transfer. All data I have requested has been provided to me. Each of Soteria, DIUK and DLUK has provided a data accuracy statement confirming that the data and information provided to me regarding the Proposed Transfer are accurate and complete.

- Draft High Court and regulatory documents prepared by Soteria, DIUK and DLUK for the Proposed Transfer
- Regular updates on responses to communication plan from policyholders
- Documents relating to provisions and reserving processes, including:
  - Reserving report as at 31 December 2025 for DIUK, DLUK and DIGL
  - Updated reserves summary as at 30 June 2026 for DIUK and DLUK
  - Report from an independent external review of DIUK's large claims
  - Actuarial reserving committee papers for Soteria (as at 31 December 2025, 31 March 2026 and 30 June 2026)
  - Actual vs expected incurred experience for the Transferring Soteria Business and DIUK's noise-induced hearing loss claims between 31 December 2025 and 30 June 2026
- Documents relating to capital and related processes, including:
  - Updated Soteria, DIUK and DLUK balance sheet and capital projections (as at Day 0 and Day 1) based on 31 December 2025 data
  - Updated stress scenarios for Soteria and DIUK
  - Soteria's, DIUK's and DLUK's SFCRs as at 31 December 2025
  - Soteria's Own Risk and Solvency Assessment Report as at 31 March 2026
- Data accuracy statement:
  - Soteria, DIUK and DLUK have provided data accuracy statements confirming that the data and information provided to me regarding the Proposed Transfer is accurate and complete.
  - Soteria, DIUK and DLUK have read this IE Supplementary Report and have confirmed that it is correct in terms of all factual elements of the Proposed Transfer.