Annual Report and Accounts

2024

Baptist Insurance
Experts in church and home insurance

The Baptist Insurance Company Plc
Company Registration Number 00083597

The Baptist Insurance Company PLC

Annual Report and Financial Statements 31 December 2024

The Baptist Insurance Company PLC

Officers and Other Company Information

Directors	M. N. Hayes BSc, F I Chem. E, FCII, Chair A. Bishop MBA M. A. Broad MBE J. P. H. Entwisle MA, MBA, ACA H. A. Francis BSc, FCA E. C. Osborne MA T. J. Rose MBA, C Dir M. H. Tripp BSc, ARCS, FIA, Senior Independent Director D. Lane B.Comm (Hons), Certified Insurance Director C. J. Chapman, DIP CII (Appointed 9 July 2024)
Company Secretary	R. J. Hall FCIS
Chief Executive Officer	D. Lane B.Comm (Hons), Certified Insurance Director
Independent Auditors	Ernst & Young LLP The Paragon, Counterslip, Bristol, BS1 6BX, United Kingdom
Registered Office	Benefact House 2000 Pioneer Avenue Gloucester Business Park Brockworth Gloucester GL3 4AW United Kingdom
Company Registration Number	00083597

Directors' Biographies

M. N. Hayes BSc, F I Chem. E, FCII Chair

Appointed to the Board in 2006. Managing director of a business and financial consultancy. Formerly a director of Zurich Commercial Insurance Business UK. Qualified engineer and chartered insurer. Non-executive director of a renewable energy business and a property management company. Member of Encounter Church Winchcombe.

A. Bishop MBA

Appointed to the Board in 2015. Formerly CEO of a regional Christian charity, following a career in marketing and public relations, and currently MD of a company importing Fair Trade products from Sri Lanka. Extensive governance experience underpinned by an Advanced Certificate in Corporate Governance. Currently the Chair of a local Christian homelessness charity. Active member of a local Baptist church.

M. A. Broad MBE

Appointed to the Board in 2011. Retired senior commercial manager at HSBC Bank plc. Former treasurer of the Baptist Union of Great Britain and former moderator of the Baptist Pension Scheme Employers Group. Treasurer/Trustee of the Bristol Baptist College and Treasurer/Trustee of Keynsham Baptist Church. Chair/Trustee of the Futura Learning Partnership, Keynsham. Chair of Governors at Sexey's School, Bruton. Malcolm has 22 years' experience delivering trustee/treasurer training to many Baptist churches, colleges and associations across the country. Appointed a National Leader of Governance by the Department of Education between 2016-2021. Awarded an MBE in the 2008 New Year Honours list for services to Education in Bristol.

C. J. Chapman, DIP CII

Formerly the owner and managing director of specialist charity and faith insurance brokers WRS with 30 years experience in his field. Involved in the Christian charity sector as both a trustee and volunteer team member, established a primary health-care centre for the homeless and previously Chairperson of a residential care complex for elderly people. Volunteer mentor at the University of Essex and an active charity consultant. In covenant membership at Colchester Baptist Church having been baptised in 1980 and currently Church Officer and Treasurer.

J. P. H. Entwisle MA, MBA, ACA

Appointed to the Board in 2021. Formerly Managing Partner of a major UK actuarial and investment consultancy. A chartered accountant and trustee of three charities covering education, financial inclusion and Christian witness both in the UK and India. Deacon and treasurer of Speen Baptist Church in Buckinghamshire.

H. A. Francis BSc, FCA

Appointed to the Board in 2021. He is a Chartered Accountant with more than 30 years' experience in the insurance sector and has recently retired, having worked for Aviva since 2001, where he was Director of External Reporting Developments, responsible for assessing and responding to future external reporting and regulatory developments. Hugh was Vice Chair of the Insurance Europe Financial Reporting Group and a member of the EFRAG Insurance Accounting Working Group in addition, he was Chair of the ABI Financial Reporting Committee and previous Chairman of the CFO/CRO Forum Solvency II Working Group, a member of the EIOPA IRSG Stakeholder Group, a member of the CFO Forum Steering Committee and was also a former Chair of the CFO Forum Insurance Accounting Group. He continues to be a member of the ICAEW Insurance sub-committee. Hugh is an Elder and Treasurer at Testwood Baptist Church and Treasurer, and member of the Mission Steering Group of Central Baptist, Southampton. He has also recently joined the boards of Essential Christian and Spring Harvest Holidays and is also on the Council of the Evangelical Alliance.

Directors' Biographies

D. Lane B.Comm (Hons), Certified Insurance Director

Appointed to the Board in 2017. CEO of the Baptist Insurance Company plc and Managing Director of Ecclesiastical Insurance in Ireland. Previously held a number of senior executive roles across UK, Ireland and Europe. Member of the National Development Council of the Wexford Festival of Opera and the Non-life Council of Insurance Ireland. Appointed to the Board of Depaul, Ireland in 2019.

E. C. Osborne MA

Appointed to the Board in 2021. Currently has a number of trustee and non-executive positions within pensions, investments and micro-finance. Previous executive career was in financial services, mainly focussed on investment management, including as Chief Investment Officer for the International assets of a US Insurance Company. Member of the Church of England.

T. J. Rose MBA, C Dir

Appointed to the Board in 2002. Deputy Managing Director of an Agricultural Pulse trading company. Formerly director of a major City broking house specialising in wholesale financial instruments. A qualified Chartered Director and non-executive Director of the Bible Society Resources Ltd and Vice Chair of Baptistische Theologische Hochschule. Secretary of Colchester Baptist Church.

M. H. Tripp BSc, ARCS, FIA, Senior Independent Director

Appointed to the Board in 2015. Formerly a partner with City Advisory and accountancy firm Mazars LLP and council member of the Institute and Faculty of Actuaries. Formerly Group CEO of Ecclesiastical Insurance Office plc and before that partner at Ernst & Young, and actuarial firm Watson Wyatt LLP. Non-executive director of a London Market insurer, he has over 45 years UK insurance industry experience. Active Christian, attending a church in Mitcham.

The Baptist Insurance Company PLC

Chair's Statement

I have had the huge privilege of acting as Chair for the Baptist Insurance Company for 17 years and have thoroughly enjoyed my time leading it to where it is today standing at the forefront of Insurance knowledge, expertise and provision to the UK based Baptist community – I have however taken the decision that it's time to hand the baton to a successor.

During my tenure we have seen many changes and enjoyed the favour of God on many occasions. As we look back over the past 17 years – the Board has been completely changed and we are immensely proud of the level of skill and expertise available to our Company with every aspect of Insurance, Accounting, Actuarial and Investment skill covered by high quality professionals in their respective fields – I am hugely grateful for the way they have given of themselves tirelessly and sacrificially to serve the Insurance needs of the rapidly changing Baptist Community.

It's also been encouraging to see outstanding works of grace and outreach as our grant support has enabled amazing transformations of lives and churches to take place - for this we are so grateful that God's favour has enabled significant ground breaking changes to occur – in every aspect of support for those who need Jesus we have seen tremendous impact which is humbling to see take place.

This statement comes to you after yet another challenging year, particularly on the claims front where many churches have been subject to water ingress or flood arising from the highest number of storms or severe weather events for several years, each one bringing heartrending devastation and distress to many families and communities including our churches. We have experienced the highest number of significant water related claims for many years which have all contributed to a challenging underwriting result.

It has, however, been our privilege to support those many churches during that period which have experienced damage to their premises with first class claims service and to receive many expressions of praise and appreciation for the high quality of the attention to service of the claim specialists. We remain the insurer of first choice to the Baptist community to support and rebuild churches and are proud to have been able to provide such help to churches and households at the point of their extreme need.

It has been encouraging to see many churches utilising technology to reach their members and enquirers with a combined offering of both face to face and online services which have been very well received - particularly by those who find attendance in church buildings difficult for health or mobility reasons. Churches have again reported some outstanding growth and creative new initiatives which may never have happened without the shock to the conventional church service framework from the Covid era of several years ago.

Looking to the wider world situation I can't remember a more challenging time of global uncertainty and volatility - the ongoing Russian invasion of Ukraine continues its inhumane brutality – the US election has yielded a leader of pronounced unpredictability – China as ever flexes its muscles towards Taiwan – Israel and Hamas share a tenuous but volatile cease fire which we would trust becomes more permanent and sustainable - India and China reach a thaw in relations with the establishment of a recent concord - and in the UK we continue to experience the impact of stubborn inflation, increased national insurance and only slightly reduced interest rates impacting the income levels of many of our weekly church supporters – we continue to deplore the excesses of international domination by key powers and pray for peace in the most troubled and volatile parts of the world.

If ever there was a time to resist the temptation to fear the unprecedented global and fiscal volatility it is now – and with thousands over the ages we echo the words of Edward Mote written in 1834:

> My hope is built on nothing less than Jesus' blood and Righteousness
> We dare not trust the weakest frame, but wholly trust in Jesus name

Chair's Statement

Climate impact continues to be at the forefront of national and international news and the recent storms, earthquakes and tornadoes highlight the need for concerted action to limit the impact of climatic disaster. We are committed to help churches wherever possible to limit the impact of their CO2 emissions in an attempt to redress the failures of previous industrial generations.

We were fortunate to be able to support many more outreach activities during the year with grant distribution again reaching £360,124. This has been utilised to catalyse or extend the reach of the Gospel including training in Evangelism, more than ten church plants in UK, Europe and the Middle East, Youth and Children's events and outreach, mental health initiatives and outreach and support for those churches with a real heart to touch lives in their local community were all a part of our grant programme in the year. Many were in areas of substantial social deprivation which without the grant support would have severely limited the effectiveness within their area of ministry – some of the stories of change have been hugely riveting and challenging and we just thank God for the way we have been enabled to support those works of grace.

We are pleased to report that our initiative three years ago to bring together the Baptist evangelistic leaders to facilitate a new direction has gained considerable traction though our significant grant support and the renamed initiative (Everyone Everywhere) has continued to gain wide impetus and was one of the lead areas at the recent 2025 Fresh Streams Conference – we look forward to seeing that formative initiative being rolled out through the churches with consequent impact for Kingdom growth.

Turning to the Company results, I am able to report that despite a challenging year we enjoyed some really encouraging elements. Once again, we grew our gross written premium with a significant number of our internal KPI's being reached or exceeded.

Gross written premium increased by a further 3.0% (2023: 3.4% increase) which is a very acceptable outcome in a marketplace which has been and continues to be competitive in all areas of the business. Retention levels remain high as most Baptist churches value the responsive service and advice from the internally based staff teams. The majority of Baptist churches have entered into long term agreements providing stability to their costs and also security of support from the Company.

Underwriting performance was disappointing as a result of the numerous weather claims giving rise to an underwriting loss of £344,293 and a gross claims ratio of 65.6% - the first significant underwriting loss for a number of years - this was counterbalanced by an investment return of £820,396 further vindicating the decisions of the Board over the years to retain high levels of solvency for the Company with a balanced contribution to investment from fixed interest and equity instruments. Those readers who have followed the Company performance over the years will recall that investment returns and underwriting performance can be counter-cyclical depending on weather patterns and wider Global market forces. 2024 showed that in stark contrast with a significantly negative underwriting out turn complemented by good investment returns. Further details on the gross written premiums, underwriting profit or loss and combined operating ratio (COR), which are alternative performance measures, are detailed in appendix 1.

We were thrilled to allocate grants of just over £360,000 from our financial resources and pay out fractionally under £300,000 which represents over the past 3 years a grant contribution to the Baptist family of just under £1m. We are humbled to have contributed to some outstanding initiatives to reach people with the life changing Gospel in the UK, Europe and further afield and to see the impact that we can make with grant support and seed funding.

The investment performance was encouraging with the vast majority of the gains coming during the second half of the year. Earlier in the year we were experiencing consistent investment volatility, but the global economy picked up slightly in the fourth quarter and a growth in optimism gave rise to a final encouraging net investment result of £820,396.

Our fixed interest and equity portfolios both achieved positive results which again reflected the wisdom of the investment committee in their unstinting efforts to ensure the Company enjoys continued financial stability.

Chair's Statement

Looking back over the past six years the total investment return has been of the order of £3.38m justifying the risk of investing in financial instruments compared to cash deposits. During the year, selective disinvestments of parts of the portfolio took place in order to reinvest in different funds.

Our overall post tax profit after grants was £168,379 (2023: £643,144 profit) which the directors feel is prudent to retain at a time of continued global economic and political uncertainty. We expect to experience continued volatility throughout 2025 as the global uncertainty indicated above develops through the year.

The Grants Committee's web-based application process has been well received which makes it easier to submit grant applications and facilitates a more rapid treatment of those requests recognising that in many cases, the money is crucial to their Evangelistic outreach and a rapid response is valued.

We were able to partner again with most of the regional associations to support outreach work with further joint meetings with team leaders being planned in 2025 following the missional conference referred to above. A highly effective group meeting was held in November 2024 which further opened up the conventional home insurance understanding and the grants framework.

Our steadily increasing support to the European Baptist Federation has continued throughout the year in both Western and the former Eastern Europe, with some outstanding and inspirational progress being made as they continue to forge new planting initiatives across the continent.

I would like to express our deep appreciation to the marketing, underwriting, survey and claims teams dealing day to day with our policyholders and without whom we would not have seen the successful customer feedback declared above.

During the year we again reinforced our sales initiative for new household and manse business and can report that this take up has been encouraging as private household policyholders recognise the value of both the personal touch over the phone and the high quality of competitively priced cover we provide.

We are grateful that our first full time Relationship Manager is now fully back in place after a season of ill health with a remit to support existing policyholders but also seek new business opportunities within the Christian market. We remain committed to generate increased growth in all business areas and are encouraged that we have seen some steady progress in 2024 and a surge of new business in early 2025 as churches recognise the inherent value in the way we support the Baptist family.

Finally, I would like to pay tribute to the work of the directors who serve the Company with skill and capability in a variety of disciplines. We are privileged to have directors of extremely high calibre who punch well above their weight for a company of our size. This year has seen a further increase in workload for the directors with the impact of market and rate uncertainties as well as the impact on regular church donations and giving during the period of financial strictures. They serve tirelessly to ensure that the Company is well positioned to enjoy a secure capital base whilst fulfilling its role as the provider of Insurance expertise to the Baptist community. I am immensely grateful for their wisdom and support.

Conclusion

We are grateful to God for a year of significant progression in the business and look to build on this further in 2025 as the new leadership takes over and steers the Company in its future strategic direction. We continue with our renewed marketing initiatives, product launch and further development in our growth and capital strategies and trust to be able to report further progress throughout the year.

Our key desire remains to fully support the Baptist community with their insurance needs, and in parallel through our grant giving programme, spearhead the use of Kingdom finance into areas of Gospel deprivation to see Jesus accepted as Lord in those areas.

We are grateful that as a Board we can contribute to real heart-moving outreach in some of the challenging areas of distress and disadvantage and we trust that in 2025 we can further support the work of life-changing transformation through a knowledge of Jesus Christ as Lord.

Malcolm. Hayes.

M. N. Hayes Chair

On behalf of the directors

28 March 2025

The directors present their strategic report for the year ended 31 December 2024.

Objective and strategy

The Baptist Insurance Company PLC (the Company) is a public limited company incorporated, registered and domiciled in England, authorised and regulated by the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA).

Our vision for the Company is to be the first choice insurer within the Baptist community and to run a successful insurance business with the highest standards of integrity, helping to create safe environments for worship, witness and service.

We look to generate operating profits through the provision of insurance and through returns on investments, with the goal to maintain or strengthen the Company's capital position. This allows the Company to continue on an ongoing basis and to provide services at a competitive price with the aim of reinvesting back into the Baptist community via the provision of grants.

Business model

The principal activity of the Company is the transaction of property and liability insurance. We provide insurance and risk management advice for churches, as well as offering home insurance for Baptist Ministers, church volunteers and church members.

All risks undertaken by the Company are reinsured with Ecclesiastical Insurance Office plc (EIO), except eligible terrorism risks which are reinsured with a third party, Pool Re.

To generate sustainable operating profits, the Company looks to achieve an effective cost base in providing our customers with the highest quality of service be it in buying our services or making claims. To this endeavour the Company outsources its operational activities to EIO, enabling the Company to provide our customers with a service from highly trained staff who are experts in their field.

The Board monitors the service levels provided through the outsourced agreement with EIO on a monthly basis to ensure they meet expectations and the Company are receiving value for money. These measures include, but are not limited to telephony statistics, customer satisfaction, quotes issued and conversion to policies.

Review of business performance

The results of the Company for the year are shown in the Statement of Profit or Loss on page 27.

The Company reported a profit before tax for 2024 of £151,831 (2023: £880,013). The decrease on the prior year was driven by the insurance service loss of £233,489 (2023: £289,883 profit) due to poor claims experience in the current year following a number of significant property claims. Insurance revenue increased by 3.0% to £4,275,478 (2023: £4,152,945) as a result of indexation and new business as well as strong retention.

The net investment result of £820,396 (2023: £948,372) performed positively which reflects the market conditions experienced in the year, although volatile movements continued to be seen in certain periods.

The Company uses a number of financial performance measures when managing and monitoring the performance of the business. Further details on the gross written premiums, underwriting profit or loss and COR, which are alternative performance measures, are detailed in appendix 1. Further key performance indicators are included below.

Gross written premium (GWP)

GWP is the measure used in internal reporting for turnover of the general insurance business. GWP increased to £4,291,741 (2023: £4,167,388) representing an increase of 3.0%. This increase can be mainly be attributed to the impact of the indexation levels which continued to remain at a higher level, particularly in the first half of the year, as well as new business and strong retention. Over the past five years premiums show compound growth of 3.7% per annum.

Underwriting result

The Company reported an underwriting loss of £344,293 (2023: Profit of £191,695) largely driven by there being no profit commission receivable from EIO as outlined further below. Company expenses were £273,500 (2023: £286,569) and net incurred claims were an expense of £80,000 (2023: £256,500 income following a revised reserving calculation on the pre-1971 reserves).

Combined Operating Ratio (COR)

The Company uses gross combined operating ratio (COR) as a measure of underwriting efficiency. The COR expresses the total of net claims costs, commission and underwriting expenses as a percentage of gross earned premiums. The COR 109.1% (2023: 94.7%) shows a 14.4% increase on the previous year largely driven by the movement on the pre-1971 reserves as detailed above, as well as there being no profit commission receivable from EIO (2023: £218,236) in the year.

Claims ratio

Our claims ratio (insurance service expenses to insurance revenue) of 65.6% (2023: 51.4%) shows a 14.2% point increase on the previous year. The current year's performance is driven by the increase in the total claims experience while the insurance revenue increased at a lesser extent year on year. This was driven by new treaty claims following heavy large claims experience in the year.

Profit commission

The reinsurance treaty with EIO continues, which has a profit commission arrangement attached linked to the performance of the underlying book. The amount receivable for the current year was £nil (2023: £218,236), which was lower than budget mainly due to adverse large claims experience, particularly in the current year which saw a claims ratio (excluding company run-off activity) of 69.2% (2023: 53.3%). Profit commission is reported within the net expense from reinsurance contracts held. The adjusted underwriting result, upon which the profit commission is calculated was a loss of £3,617 in the year. This amount will be offset against future profits until extinguished (over a period of two succeeding years).

Investment return

Our current investments delivered another positive return despite volatile market conditions continuing to be seen in the current economic and political climate. As a result, the Company's net investment result was a profit of £820,396 (2023: profit of £948,372). The Company continues to monitor and review the investment strategy to ensure a balance between potential reward and future losses.

Charitable grants

The aim of the Company and the directors continues to be to support the wider Baptist family. During 2024 grants of £360,124 (2023: £297,221) were approved, and £98,389 (2023: £nil) of which was accrued at year end.

Equity and reserves

The factors outlined above have all had an influence on results for the year. Profit before tax decreased to £151,831 (2023: £880,013) and after the impact of tax, has increased reserves by £168,379 (2023: increase of £643,144).

Regulatory, solvency and capital management

The Company is required to comply with the rules issued by the PRA and FCA. Annual quantitative returns are submitted to the PRA. A further report, the Solvency and Financial Condition Report (SFCR) is produced annually and is published on the Company's website.

The Company has adopted the Solvency II standard formula approach to determine its solvency capital requirement (SCR). The Company is required to maintain its regulatory capital above the higher of the SCR and MCR (Minimum Capital Requirement). For the 2024 accounts, the applicable measure is the MCR. Economic capital is the Company's own internal view of the level of capital required, and this measure is an integral part of the Own Risk and Solvency Assessment Report (ORSA) which is a private, internal forward looking assessment of own risk and capital requirement, as required as part of the Solvency II regime. Risk appetite is set such that the target level of economic capital is always higher than the regulatory MCR. As at 31 December 2024, the estimated and unaudited solvency ratio, which is defined as Solvency II Own Funds as a proportion of the unaudited MCR, was 231% (2023: 252%).

Principal financial risks and uncertainties

The principal risks and uncertainties, together with details of the financial risk management objectives and policies of the Company are disclosed in notes 3 and 4 to the financial statements.

Cyber risk continues to remain a constant and evolving threat with a continued increase in both the volumes and the sophistication of such threats across the financial sector. An event involving significant loss of such data could result in harm to the data subjects, cause operational disruption, impact on our service to customers, as well as the potential for regulatory fines and reputational damage. Through the joint administration agreement in place with EIO, a number of security measures are in place to ensure systems remains protected. Ongoing security reviews and assessments are performed in order to continually strengthen resilience against such attacks. Employee awareness and vigilance is also highly important, and so an ongoing programme of training and awareness exercises is operated.

There continues to be a significant volume of regulatory change and as such, management of change in the regulatory environment remains a key area of focus to ensure that operations remain compliant with relevant legal, regulatory and consumer protection requirements and guidelines. Ongoing monitoring of regulatory developments is completed through the joint administration agreement in place and actions are taken to achieve compliance wherever required.

The emerging risk landscape continues to evolve. Oversight of Emerging Risks and Opportunities is regularly completed considering external environmental factors that could impact on the Company.

The Board recognises the importance of understanding and managing the risks the Company is exposed to and has set up a strong governance framework to facilitate this process.

Climate Change and the environment

Climate change continues to present increasing levels of risk to our businesses and our customers. Recent extreme weather events continue to illustrate the increasing impact of climate change on our industry. The key risks identified for the Company are:

- physical risk of increasing severity and frequency of weather-related events leading to rising levels of property insurance claims. The impacts on the Company's insurance risks are primarily related to locations of the insured properties and will be informed by emerging modelling capabilities; and
- transition risk to the value of investment assets as the world moves to become a low carbon economy. The Company has adopted an Ethical, Environmental, Social and Governance investment policy which uses positive and negative screening as well as shareholder engagement that will enable mitigation of the impact of these risks.

The Board recognises the importance of understanding and managing the risks the Company is exposed to and has set up a strong governance framework to facilitate this process.

Climate Change and the environment (continued)

The current economic climate, driven by a number of economic and political events over the past few years, has continued to create additional uncertainty in the business during 2024 and into 2025. Our investment return has been impacted through continued volatility, but we maintain a long term strategy on the portfolio to generate profits. Our capital position and solvency coverage remain in a strong position and projections suggest this would continue. We continue to closely monitor developments in this area and the evolving impact it may have on the business.

Non-financial and sustainability information statement

As an authorised insurance entity, the Company is covered by sections 414CA and 414CB of the Companies Act 2006 (CA 2006). The Company has opted to take exemption in accordance with subsection 4(b) of s.414CA of the Act, and has not prepared the non financial and sustainability information statement in the strategic report as it has no employees.

Section 172 Statement

The directors confirm that during 2024 and to the date of this Report, they have acted to promote the success of the Company for the benefit of its members as a whole and considered the matters as set out in section 172(1)(a) to (f) of the Companies Act 2006. This section provides an overview of how the directors have had regard to those matters when performing their duties.

The Board has delegated day to day management of the Company to EIO under the terms of a Joint Administration Agreement (JAA). Therefore, where matters may impact EIO a collaborative approach is taken to stakeholder engagement between the Board and EIO.

Our Approach to the Long Term Success of the Company

The Board of directors recognises that the long-term success of the Company is dependent upon having regard to the interests of its stakeholders. This is achieved by engaging with stakeholders to understand their views and interests. Dialogue with stakeholders can help the Board to understand significant changes in the landscape, predict future developments and trends, and develop strategy that is aligned to stakeholder interests.

Our Stakeholders

The Company's stakeholders are identified in the Company's Governance Framework and are at the core of all decision making. Key stakeholders include our customers, regulators, shareholders, The Baptist Union of Great Britain (Baptist Union) and other Baptist organisations, the Baptist Community, EIO, suppliers, the wider community and its environment. Examples of the way the Board has engaged with some of these stakeholder groups throughout the year are set out below.

Stakeholder Engagement in decision making

The Board adopts a range of approaches to engage with stakeholders and recognises that the importance of a stakeholder group may differ depending on the matter to be considered. Given the nature of the business, the Board sometimes engages directly with stakeholders and also understands that it may be more appropriate for engagement to be undertaken at an operational level.

The directors receive directors' duty training as part of their induction, and are regularly reminded of their statutory duties, which includes all aspects of section 172 of the Act. In addition, key paper writers have received board paper writing training, and are encouraged to ensure that a stakeholder analysis is included within the papers. This facilitates robust strategic discussions which takes into account the long-term success of the Company in addition to any direct and or indirect implications for stakeholders.

Stakeholder Engagement in decision making (continued)

The Board considers a variety of information to understand the impact of the Company's operations and also the interests and views of key stakeholders. A one-year rolling plan of business for discussion is agreed annually to ensure that the Board is focused on matters at the right time and sufficient time is allowed for appropriate consideration and debate. Information is provided to directors in papers in advance of each Board meeting. In addition, EIO employees working on behalf of the Company are invited to attend meetings to provide insight into key matters and developments. At each Board meeting, the directors discuss strategic and business matters, financial, operational and governance issues and other relevant issues that arise. Following Committee meetings, the Board receives verbal reports from the Chair of each Committee at the next Board meeting. Because of this, the Board has an appreciation of engagement with stakeholders and other relevant matters, which enables the directors to comply with their legal duties.

Below is an example of a principal decision taken by the Board during the year in respect of strategic and Company performance and how it has had regard to the interests of, and impact on a selection of its stakeholders.

Principal Decision of the Board

In June 2024, the Board held a Strategy session, at which it focused upon the Company's growth strategy, underpinned by its ambition to grow to continue to give to the Baptist Family. To assist with this mission, the Board agreed to appoint Mr Christopher Chapman as a Non-Executive Director of the Company. Utilising his experience within the insurance industry and his connections within the Baptist Family, it was agreed that Mr Chapman would support Management throughout Q4 2024 to further its growth ambitions and further enhance the Company's connection with the Baptist Family. When making the decision, the directors considered the Company's growth strategy, included detailed financial information and metrics together with the impact on the Company in the short, medium and long term in the context of stakeholder expectations.

Our Strategy in action

Our key stakeholders	**Methods of engagement and outcomes**
Shareholders and Key Baptist Organisations	
The Board is responsible to its shareholders for the long-term success of the Company. The interests of the Company and its shareholders are aligned with the common purpose of benefiting the Baptist community.	There is at least one Baptist Union of Great Britain (Baptist Union) Director, but no more than a quarter of the total number of directors of the Company, appointed to the Board. This ensures that the views of the Baptist Union are communicated to the Board as a whole and considered. directors also actively engage with other Baptist organisations and share stakeholder insights with the Board. There is a Conflicts of Interest Policy in place to manage any actual and perceived conflicts that might arise. There are open channels of communication between the Company and its shareholders. The directors regularly meet with its shareholders both through formal and informal means. In 2024 the Company held its Annual General Meeting (AGM) on 12 June 2024 which shareholders were invited to attend.
Customers and Baptist Community	
The Company has a strong reputation for delivering outstanding customer service.	The Board regularly receive updates and actively challenge management on the delivery of the Customer Strategy . All Board members receive a copy of the Company's Business Report monthly, specifically noting customer satisfaction scores and any complaints handling data. More detailed annual customer satisfaction scores are also considered. Members of the Board actively engage with its customer base, which usually includes attendance at the annual Baptist Conference. The Board is proud to continue its support of the wider Baptist Family, and continually looks for innovative ways to do so. During the year Mrs Bishop attended the Everyone Everywhere event and Sam Sharpe Lecture in October. Additionally, Mr Entwisle attended the Central Baptist Association Ministers' Conference on behalf of the Company.

Ecclesiastical Insurance Office plc (EIO)	
Day to day management services are provided by EIO on the Company's behalf under the terms of JAA, therefore the Company has no employees.	EIO is accountable to the Board for all services undertaken in accordance with the JAA. The Board annually reviews the provision of services undertaken by EIO on the Company's behalf, providing rigorous challenge and oversight of management. Various members of EIO's management team attend Board and committee meetings. Mr Lane was appointed as the Administrator Director by EIO. In addition Mr Mark Hews, EIO Chief Executive Officer provides an annual update on EIO's strategic position to the Board, and attended the Company's AGM during the year. The Company CEO meets with Mr Hews to ensure the continued strategic alignment of the companies. The Board of directors invited members of EIO staff to attend a corporate breakfast at which open and honest dialogue was encouraged. The Directors are grateful for the work of EIO staff on its behalf and encourage an open and transparent channel of communication between EIO staff and the Board.
Regulators	
The Board recognises the importance of open and honest dialogue with Regulators (including the Financial Conduct Authority and the Prudential Regulation Authority) and complying with applicable legislation and regulation.	The Board (via the Audit, Risk and Compliance Committee (ARCC) receives reports detailing the Company's regulatory interactions. Regular reports are also received on the evolving legal and regulatory landscape incorporating a detailed impact and progress assessment.
Other Suppliers	
The Board appreciates the important role that suppliers play in ensuring a reliable service is delivered to clients and the need to have a strong working relationship.	The Board does not generally directly interact with our suppliers; however they receive reports and updates from management allowing them to oversee associated relationships and to keep up to date on developments. The Board is aware of its regulatory responsibility under SS2/21 Outsourcing and Third Party Risk. EIO have a robust Supplier Management Framework in place and management are expected to manage Supplier Contracts in accordance with this. During the year Risk completed an annual performance review of the work undertaken by EIO on behalf of the Company within the terms of the JAA. This allowed for a second line, and robust review, which was overseen by the Group Chief Risk and Compliance Officer (CRO) (SMF4) in order to bring a level of independence. The Review focused upon a number of aspects including: • A summary of activity performed as part of the Senior Manager Certification Regime and prescribed responsibilities • Outsourced operational activities across Underwriting, Claims, Marketing, Compliance, Risk Services, Pricing, Group Technology, Data Management and Governance, Finance and Accounting, Reserving and Company Secretarial. • Risk and Regulatory Service activity covering Compliance, Internal Audit, Risk Management and Actuarial • Business, management and financial reports production • A review of SLAs in place and associated operational reporting • Additionally, any "one off", ad hoc or project activities (e.g. ensuring good customer outcomes through Consumer Duty) have been assessed It was noted that most of the business, corporate, regulatory & risk services and outsourced operational activities undertaken by EIO on behalf of the Company in accordance with the JAA had been conducted effectively. Remediation plans were in place in relation to any identified issues.

	A review of the JAA itself and Reinsurance Agreement (RIA) was conducted during the year. Proposed revisions will include reference to the Company's regulatory operational resilience obligations, Exit Planning and SMF Conflict management. It is expected that the final updated JAA will be presented to the ARCC and subsequently the Board for approval in 2025
Community and Environment	
The Company exists to support the Baptist Community and also seeks to make a positive contribution to society's well-being and help reduce some of the harm brought about through climate change.	The Board (via the ARCC) regularly reviews the risk associated with climate change. The Board agreed a separate Risk Register entry be created to capture Climate Change risks. During the course of the year, the Board (via the ARCC) regularly discussed and considered the impact of climate change upon deteriorating weather conditions and the impact that this could have upon church buildings. The Board are aware that risk management is a key tool in managing the risks to property associated with climate change. Consequently, the Board (via the S&MC) has reviewed and challenged the Company's marketing strategy to ensure that risk management communication via its website and Expressions are sufficient to provided adequate customer support. In addition, the Board is focused on its long term charitable giving to the Baptist community and was pleased with the level of grants allocated in 2024.

M. N. Hayes

Director

28 March 2025

The directors present their annual report and audited financial statements for the year ended 31 December 2024.

Future prospects

It is anticipated that the activities of the Company will remain unchanged for the foreseeable future.

Going concern

The Company itself maintains a strong balance sheet position and good capital coverage, and it has no external loans. The Company reinsures all of its current business, except for terrorism cover, with EIO, which also provides administrative services within a profit share arrangement. Therefore most of its insurance risks are ultimately borne by EIO, which is well capitalised and has ratings of A2 and A with Moodys and AM Best respectively. The Company's assets excluding reinsurance contract assets are also greater than insurance contract liabilities. The Company has also considered its capital position, liquidity and expected performance. The Company has sufficient levels of cash and other liquid resources and has expectations it can meet its cash commitments over its planning horizon. The Company expect to continue to meet regulatory requirements. The directors have considered the impact of the economy and whilst it has impacted the investment returns, the solvency coverage and capital position has remained strong. The directors also consider they have provided adequately for risks not reinsured with EIO and, as such, after considering the stresses and any mitigating actions as well as the financial and operating capability of EIO, the directors believe the Company is well placed to manage such risks successfully and continue in operational existence for up to 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Results and Dividends

The profit before tax was £151,831 (2023: profit of £880,013).

The directors recommend that the payment of dividends on the amounts paid up on the 4% cumulative preference shares and on the 5% cumulative ordinary shares, for the year ended 31 December 2024, in the sum of £7,328 (2023: £7,328), be confirmed. This dividend is treated as interest payable on permanent interest-bearing capital in the financial statements.

Political donations

The Company did not make any contributions for political purposes in the current or prior year.

Board of Directors

The directors of the Company during the year and up to the date of this report are set out on pages 4 to 5 alongside the biographies of those directors currently serving on the Board.

As set out in the Annual General Meeting (AGM) Notice, Mr Christopher Chapman was appointed as a director on 9 July 2024, therefore in accordance with the Company's Articles of Association, he will retire at the forthcoming AGM on 11 June 2025, and being eligible, offers himself for election at the forthcoming AGM.

Additionally, in accordance with the Company's Articles of Association Mr James Entwisle, Mrs Emma Osborne and Mr Michael Tripp retire by rotation, and being eligible offer themselves for re-election.

Qualifying third-party provisions

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were in place throughout the year and remain in force at the date of this report.

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK-adopted International Accounting Standards (IFRS). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in the UK-adopted International Accounting Standards (IFRS) is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the financial position and financial performance;
- state whether UK-adopted International Accounting Standards (IFRS) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company will not continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and director's report, that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Climate Change and the environment

Information on the approach to climate change and the environment is provided on page 11.

Auditor and the disclosure of information to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information. This confirmation is given and should be interpreted in accordance with Section 418 of the CA 2006.

In accordance with Section 489 of the CA 2006, a resolution proposing that Ernst & Young LLP be re-appointed as auditor of the Company will be put to the annual general meeting.

Approved by the Board of directors and signed on its behalf by:

Malcolm. Hayes.

M. N. Hayes

Director

28 March 2025

Independent Auditor’s Report To The Members Of The Baptist Insurance Company PLC

Opinion

We have audited the financial statements of The Baptist Insurance Company PLC (“the Company”) for the year ended 31 December 2024 which comprise the Statement of Profit or Loss, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, and the related notes 1 to 23, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the company’s affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors’ assessment of the company’s ability to continue to adopt the going concern basis of accounting included:

- confirming our understanding of management’s going concern assessment process and obtaining management’s assessment which covers the period of 12 months from when the financial statements are authorised for issue;
- assessing the accuracy of management’s analysis by testing the reasonableness of the inputs and assumptions too the cash flow model and the clerical accuracy of the model used;
- evaluating the liquidity and solvency position of the Company by reviewing base case liquidity and solvency projections;
- obtaining and reviewing the latest Board approved ORSA, assessing whether the stress testing included in the ORSA was reasonable and considered the solvency position under each stress scenario;
- evaluating management’s forecast analysis to understand how severe the downside scenarios would have to be in order to result in the elimination of solvency and liquidity headroom;
- assessing the plausibility of available management actions to mitigate the impact of the key risks by comparing them to our understanding of the Company;
- performing enquiries of management and those charged with governance to identify risks or events that may impact the Company’s ability to continue as a going concern. We also reviewed management’s assessment approved by the Board and minutes of meetings of the Board and its committees;
- given the reliance on Ecclesiastical Insurance Office (EIO) for both reinsurance on the post 1998 exposures and for operational support under the joint administration agreement, obtaining EIO Group managements going concern assessment from the EIO Group Financial Controller and critically assessed whether this provided comfort as to the robustness of the support in the going concern period; and
- assessing the appropriateness of the going concern disclosures by comparing the consistency with management’s assessment and for compliance with the relevant reporting requirements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Overview of our audit approach

Key audit matters	• Valuation of the Liabilities for Incurred Claims (pre-1998) • Estimates involved in the calculation of profit commission income included within net expenses from reinsurance contracts held
Materiality	• Overall materiality of £166k which represents 2% of net assets.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, the potential impact of climate change and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Climate change

Stakeholders are increasingly interested in how climate change will impact The Baptist Insurance Company PLC. The company has determined that the most significant future impacts from climate change on its operations will be from physical and transitional risks. These are explained on page 12 in the principal risks and uncertainties section within the Strategic Report, which form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the company's business and any consequential material impact on its financial statements.

The company has explained in its articulation of how climate change has been reflected in the financial statements Basis of Preparation note how they have reflected the impact of climate change in their financial statements. These disclosures also explain where governmental and societal responses to climate change risks are still developing, and where the degree of certainty of these changes means that they cannot be taken into account when determining asset and liability valuations under the requirements of UK-adopted international accounting standards (IFRS).

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, and the resulting conclusion that there was no material impact from climate change and the adequacy on the company's disclosures on page 31 of the financial statements under Basis of preparation. As part of this evaluation, we performed our own risk assessment to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and associated disclosures.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

Key audit matters

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

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Valuation of the Liabilities for Incurred Claims (pre-1998) (2024: £1,326k, 2023: £1,376k) *Refer to the Accounting policies (page 33); and Note 20 (page 54) of the Financial Statements* All business accepted by the Company post-1998 is fully reinsured by EIO. As such, the economic exposure of the Company pertains to pre-1998 claims. The valuation of the liabilities for incurred claims (Pre-1998) is highly judgemental because it requires a number of assumptions such as average future annual inflation, number of settlements in respect of pre-1998 exposures and average claim cost per settlement. Under IFRS17, the Liability for Incurred Claims comprises the nominal reserves (incorporating the Allowance for Limited Historical Experience), discounting and a risk adjustment for non-financial risk. Given the judgemental nature of the valuation, we consider there is a risk of material misstatement through use of inappropriate assumptions in calculating the estimate.	We performed walkthroughs to understand the claims liability valuation processes and identified key controls in place; In conjunction with our actuarial specialists, we assessed the methodology, key assumptions and judgements used by Management, including the key sensitivities and uncertainties in the valuation of the Liabilities for Incurred Claims (pre-1998) and application of discounting and risk adjustments. In particular we: - Assessed the Company’s methodology and verified the key outputs from the model. - Tested key metrics from the inputs to, and outputs from the valuation models. - Assessed assumptions for reasonableness and compared against the recent historical claim experience and against our market benchmarks. - Performed sensitivity testing to the main assumptions to determine the sensitivity of the claims reserves to changes in these parameters. - Assessed management’s determination of the discount rate and risk adjustment and considered the appropriateness of these based on our understanding of the business. In respect of discounting, we also considered the appropriateness of management’s run off patterns used to calculate the discounting impact.	We concluded that the methodology used by management in the valuation of Liabilities for Incurred Claims reserves (pre-1998) was in line with market practice and that it is appropriate for the size and complexity of the underlying risk exposure. We determined that the actuarial assumptions used by management in the valuation of the Liabilities for Incurred Claims (pre-1998) are reasonable based on the analysis of experience to date, industry practice and the financial reporting and regulatory requirements.

	The reserving process is inherently reliant on the quality of the data fed into the process. As a result, we tested the completeness and accuracy of incurred claims data used; We analysed claim payments patterns for pre-1998 policies versus historical trends to assess the reasonableness of the paid claims that inform the year end reserves; We agreed a sample of pre-1998 exposures on Liability for incurred claims - notified to the underlying claims files; We read all current year reserving reports and presentations to management detailing the actuarial reserve reviews; and We read all legal correspondence and Board minutes and considered any impact on insurance contract liabilities.	
Estimates involved in the calculation of profit commission income included within net expenses from reinsurance contracts held (2024: £nil, 2023: £218k) *Refer to the Accounting policies (page 39); and Note 20 (page 54) of the Financial Statements* The Company has the contractual right to profit commission in respect of post 1998 claims reserves which have been fully reinsured to EIO. Profit commission is split 50:50 between EIO and the Company. The calculation of profit commission is dependent on the net underwriting result which can be manipulated through estimates and judgements specifically relating to the calculation of post 1998 Liability for Incurred Claims. This balance is subject to manipulation as BIC have an incentive to reduce the post 1998 LIC to improve underwriting result which increases profit commission, whereas EIO have an incentive to increase post 1998 LIC to reduce underwriting result and profit commission payable.	We obtained and assessed the impact of the current reinsurance agreement to profit commission. We have confirmed the change in profit commission agreement is now not planned until April 2025; We reviewed the profit share agreement in place to obtain an understanding as to how it should operate; We verified the mathematical accuracy of the calculation performed by management and tied back to the methodology set out in the agreement; We obtained a confirmation from EIO for the amount of profit commission for the year. We read the Board minutes where the final commission figure is agreed. We obtained proof of final payment of the commission income made post year end. One of the inputs used in calculation of profit commission is the movement in post-1998 reserves. Hence, in conjunction with our actuarial specialists, we performed testing on the LIC calculation for accident years 1998 and post; in particular we:	We concluded that the BIC actuarial claim gross reserve segmentation and methodology for post-1998 exposures are reasonable, consistently applied and are appropriate for the exposures written by BIC. We have verified the post-1998 reserves are not materially misstated. We determined that the profit commission is calculated in line with the terms agreed with EIO.

	- Gained an understanding of how management determine the nominal reserves, including the Allowance for Limited Historical Experience, and the source and application of discounting and risk adjustment. - Assessed the methodology for reasonableness and identified the key assumptions in the analysis. We audited the reasonableness of those key assumptions by comparing against the Company's recent historical claim experience and against our market benchmarks. In addition, we also independently reproject management's estimate. - Assessed and challenged BIC's approach to allowing for the inflationary environments in their reserves. - Assessed management's determination of the discount rate and Risk Adjustment and consider the appropriateness of these based on our understanding of the business and the wider market. In respect of discounting, we considered the appropriateness of management's run off patterns used to calculate the discounting impact. - Tested the calculation of reinsurance recoveries on LIC and checked that this calculation was reasonable given the EIO reinsurance program in place. - Performed testing to validate the data used in the actuarial projections is complete and accurate	

In the prior year, our auditor's report included a key audit matter in relation to Financial Statements and Disclosures including selection and application of Accounting Policies on Transition to IFRS 17 from IFRS 4. In the current year, this key audit matter is no longer included due to the completion of the transition to IFRS 17, and the accounting policies and disclosures have now been fully integrated into the financial statements.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £166k (2023: £162k), which is 2% (2023: 2%) of net assets. We believe that net assets provides us with both the regulatory strength of the entity and the ability to continue to make the grants and meet the entity's charitable objectives.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2023: 75%) of our planning materiality, namely £125k (2023: £121k). We have set performance materiality at this percentage due to corrected and uncorrected misstatements being below 25% of performance materiality in the previous year and the expectation that corrected and uncorrected misstatements will be below 25% of performance materiality in the current year.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £8k (2023: £8k), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 17 and 18, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are direct laws and regulations related to elements of the Companies Act 2006 and tax legislation, and the financial reporting framework. Our considerations of other laws and regulations that may have a material effect on the financial statements included permissions and supervisory requirements of the Prudential Regulation Authority ('PRA') and the Financial Conduct Authority ('FCA').
- We understood how The Baptist Insurance Company PLC is complying with those frameworks by making enquiry of those charged with governance and senior management for their awareness of any non-compliance with laws or regulations, inquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees and inquiring about the Company's methods of enforcing and monitoring compliance with such policies.

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the controls that the Company has established to address risks identified by the Company, or that otherwise seek to prevent, deter or detect fraud. We also considered areas of significant judgement, performance targets, economic or external pressures and the impact these have on the control environment. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk, including the procedures over the actuarial assumptions and profit commission noted under the key audit matters section above. With regard to revenue recognition fraud risk we agreed materially all of the insurance revenue received during the year to bank statements and additional procedures included testing a sample of manual journals. We have also agreed the monthly journal upload of investment income into the general ledger to external investment managers reports. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiry of senior management and the Audit Committee for their awareness of any non-compliance with laws or regulations, inquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees, inquiring about the Company's methods of enforcing and monitoring compliance with such policies, inspecting significant correspondence with the FCA and PRA and reviewing minutes of the Board and its committees, the complaints log and the quarterly Internal Audit updates presented to the Audit Committee.
- The Company operates in the insurance industry which is a highly regulated environment. As such the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the audit committee we were appointed by the company on 19 October 2020 to audit the financial statements for the year ending 31 December 2020 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is 5 years, covering the years ending 31 December 2020 to 31 December 2024.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting the audit.
- The audit opinion is consistent with the additional report to the audit committee.

Use of our report

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

Signed by:
Ernst & Young LLP.
6E5DA1EEED2C432...

Robin Enstone (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol
Date: 31 March 2025

For the year ended 31 December 2024

	Notes	**2024**	2023
		£	£
Insurance revenue	5	**4,275,478**	4,152,945
Insurance service expenses	6	**(2,803,180)**	(2,134,293)
Insurance service result before reinsurance contracts held		**1,472,298**	2,018,652
Net expense from reinsurance contracts held	20	**(1,705,787)**	(1,728,770)
Insurance service result		**(233,489)**	289,883
Insurance finance expenses for insurance contracts issued	7	**(27,000)**	(109,000)
Reinsurance finance income for reinsurance contracts held	7	**34,000**	120,000
Net investment result	8	**820,396**	948,372
Other operating expenses	9	**(434,748)**	(361,913)
Finance costs	12	**(7,328)**	(7,328)
Other income and expenditure		**385,320**	590,130
Profit before tax		**151,831**	880,013
Tax credit/(expense)	14	**16,548**	(236,869)
Profit after tax		**168,379**	643,144

All the amounts above are in respect of continuing operations.

The Company had no recognised income or expense during the current financial year and the preceding financial year other than that included in the statement of profit or loss. Accordingly, no separate statement of other comprehensive income has been presented, profit or loss after tax being total comprehensive income for the year.

Statement of Financial Position

At 31 December 2024

	Notes	**31 December 2024**	31 December 2023
		£	£
Assets			
Cash and cash equivalents	17	**220,219**	1,579,790
Financial investments	15	**8,668,460**	7,633,227
Reinsurance contract assets	20	**6,496,513**	5,974,892
Deferred tax assets	14	**24,597**	-
Other receivables	16	**110,252**	5,270
Total assets		**15,520,041**	15,193,179
Liabilities			
Insurance contract liabilities	20	**6,655,731**	6,510,579
Current tax liabilities		**48,897**	36,191
Permanent interest-bearing capital	19	**147,850**	-
Other payables	21	**356,931**	504,157
Total liabilities		**7,209,409**	7,050,926
Equity			
Retained Earnings		**8,310,632**	8,142,253
Total Equity		**8,310,632**	8,142,253
Total liabilities and equity		**15,520,041**	15,193,179

The financial statements of The Baptist Insurance Company PLC, company registration number 00083597, on pages 27 to 62 were approved by the board of directors and authorised for issue on 28 March 2025 and signed on their behalf by:

M. N. Hayes Chair

M. H. Tripp Director

The Baptist Insurance Company PLC
Statement of Changes in Equity

For the year ended 31 December 2024

	Retained Earnings
	£
Balance 1 January 2023	**7,499,109**
Profit for the period	643,144
Balance at 31 December 2023	**8,142,253**
Profit for the period	168,379
Balance at 31 December 2024	**8,310,632**

The Baptist Insurance Company PLC
Statement of Cash Flows

For the year ended 31 December 2024

	2024	2023
	£	**£**
Profit/(loss) for the year before tax	**151,831**	880,013
Adjustments for:		
Net fair value losses/(gains) on financial investments	(585,234)	(721,187)
Income from investing	(235,162)	(227,185)
Finance Expense	7,328	7,328
Changes in operating assets and liabilities:		
Net increase in insurance contract liabilities	145,152	531,383
Net (increase) in reinsurance contract assets	(521,621)	(651,561)
Net (increase) in other receivables	(104,982)	(2,038)
Net (decrease)/increase in other payables	623	80,441
Cash used by operations	**(1,142,065)**	(102,806)
Corporation tax recovered/(paid)	4,660	(70)
Net cash used by operating activities	**(1,137,405)**	(102,876)
Cash flows from investing activities		
Sale of financial investments	250,000	950,000
Purchases of financial investments	(700,000)	-
Dividends received	226,428	220,449
Interest received	8,734	6,735
Net cash used by investing activities	**(214,838)**	**1,177,185**
Cash flows from financing activities		
Interest payable on permanent interest-bearing capital	(7,328)	(7,328)
Net increase/decrease in cash and cash equivalents	**(1,359,571)**	**1,066,980**
Cash and cash equivalents at beginning of year	1,579,790	512,810
Cash and cash equivalents at end of year	**220,219**	**1,579,790**

1 Accounting policies

The material accounting policies adopted in preparing the Company's financial statements are set out below. These policies have been applied consistently throughout the current and prior financial year.

Basis of preparation

The Company's financial statements have been prepared in accordance with UK-adopted International Accounting Standards (IFRS) and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments measured at fair value.

The Company itself maintains a strong balance sheet position and good capital coverage, and it has no external loans. The Company reinsures all of its current business, except for terrorism cover, with EIO, which also provides administrative services within a profit share arrangement. Therefore most of its insurance risks are ultimately borne by EIO, which is well capitalised and has ratings of A2 and A with Moodys and AM Best respectively. The Company's assets excluding reinsurance contract assets are also greater than insurance contract liabilities. The current economic climate, driven by a number of economic and political events over the past few years, has continued to create additional uncertainty in the business during 2024 and into 2025. Our investment return has been impacted through continued volatility, but we maintain a long term strategy on the portfolio to generate profits. Our capital position and solvency coverage remain in a strong position and projections suggest this would continue. We continue to closely monitor developments in this area and the evolving impact it may have on the business. The directors have considered stresses to the solvency and liquidity of the Company up to 12 months from the date of this report and are satisfied that these appropriately demonstrate the resilience of the business (and are significantly more extreme than those experienced to date) and after considering the stresses and any mitigating actions as well as the financial and operating capability of EIO, the directors believe the Company is well placed to manage such risks for up to 12 months from the date of this report. The directors also consider they have provided adequately for risks not reinsured with EIO and, as such, they continue to adopt the going concern basis in preparing the Report and Accounts.

In preparing these financial statements the directors have considered the impact of the physical and transition risks of climate change and identified this an emerging risk as set out on page 11, but have concluded that it does not have a material impact on the recognition and measurement of the assets and liabilities in these financial statements as at 31 December 2024. This is because the financial investments which are comprised of open-ended investment companies (OEICs), are reported at fair value under UK-adopted International Accounting Standards (IFRS) and as set out in this note below therefore utilise market prices at the period end. These market prices will include the current expectations of the impact of climate change on these investments. Insurance liabilities are accrued based on past insurable events so will not be impacted by any future impact of climate change. However, we recognise that government and societal responses to climate change risks are still developing and the future impact cannot be predicted. Future valuations of assets may therefore differ as the market responds to these changing impacts or assesses the impact of current requirements differently and the frequency / magnitude of future insurable events linked to the effect of climate risks could change.

The exemption in CA 2006 s402 and s405(2) is taken as the subsidiaries disclosed in note 23 are not material to the financial statements and are dormant, having not traded since incorporation. The Company has elected not to produce consolidated financial statements.

New and revised standards

The following amendments and improvements to accounting standards have been issued by the International Accounting Standards Board (IASB), and endorsed in the UK, with an effective date of on or after 1 January 2024, and are therefore applicable for the 31 December 2024 financial statements. None of these changes had a significant impact on the financial statements:

1 Accounting policies (continued)

Amendments to IAS 1 Presentation of Financial Statements:

- Classification of Liabilities as Current or Non-current (issued on 23 January 2020);
- Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 15 July 2020); and
- Non-current Liabilities with Covenants (issued on 31 October 2022)

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022)

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments - Disclosures: Supplier Finance Arrangements (issued on 25 May 2023).

The following new standards have been issued but are not yet effective for the year ended 31 December 2024. These standards are currently under consideration for endorsement by the UK Government. Consequently, as these standards are not incorporated into UK legislation, they have not been adopted in the current year's financial statements.

Sustainability reporting standard	**Key requirements**	**Expected impact on financial statements**
IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* (issued on 26 June 2023). IFRS S2 *Climate-related Disclosures* (issued on 26 June 2023).	Enhanced sustainability-related financial disclosures and climate-related disclosures.	The most notable changes will be: • Disclosures will consider a broader range of sustainability risks and opportunities, not just those related to climate. • Introduces the concept that disclosures should address both the impact of the Group's activities on the environment and society, as well as how environmental and sustainability risks might affect the Group's financial position and performance.

The following standards and amendments were in issue but not yet effective and have not been applied to these financial statements:

Accounting standard	**Key requirements**	**Expected impact on financial statements**	**Effective date**
IFRS 18 *Presentation and Disclosure in Financial Statements*	The new standard sets out the requirements for the presentation and disclosure of financial statements, aiming to improve the structure and content of the primary financial statements. There are also increased requirements in relation to disclosures on management-defined performance measures.	The adoption of IFRS 18 is expected to result in presentational changes in the financial statements and disclosure changes in the notes. The Company is currently assessing the impact of adopting this standard. Therefore, the quantitative effect of this standard is currently unknown.	Periods beginning on or after 1 January 2027
Amendments to the Classification and Measurement Requirements for Financial Instruments in IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*	These amendments improve the requirements in IFRS 9 and IFRS 7 related to settling financial liabilities using an electronic payment system; and assessing contractual cash flow characteristics of financial assets, including those with environmental, social and governance (ESG)-linked features. The amendments also add to disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and add disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs.	The Company is currently assessing the impact of adopting the amendments to this standard. Therefore, the quantitative effect of these amendments standard is currently unknown.	Periods beginning on or after 1 January 2026

1 Accounting policies (continued)

Amendments to other standards in issue but not yet effective are not expected to materially impact the Company.

Use of estimates

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. Those estimates which have the most material impact on the financial statements are disclosed in note 2.

Insurance service result

Insurance service result is stated before finance costs.

Net investment result

Net investment result consists of dividends, interest, realised gains and losses and unrealised gains and losses on financial investments. Dividends on equity securities are recorded as revenue on the ex-dividend date. Interest is recognised using the effective interest method.

Unrealised gains and losses are calculated as the difference between carrying value and original cost, and the movement during the year is recognised through profit or loss. The value of realised gains and losses includes an adjustment for previously recognised unrealised gains or losses on investments disposed of in the accounting period.

Insurance contract liabilities

Contracts under which the Company accepts significant insurance risk are classified as insurance contracts. Insurance risk is transferred when the Company agrees to compensate a policyholder should an adverse specified uncertain future event occur. Contracts held by the Company under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts held. Insurance and reinsurance contracts held also expose the Company to financial risk.

Under IFRS 17 the presentation of insurance revenue and insurance service expenses in the statement of profit or loss is based on the concept of insurance service provided during the period.

Insurance contract liabilities are measured as the sum of the liability for incurred claims (LIC) and liability for remaining coverage (LFRC). The LIC represents the obligation to pay valid claims for insured events that have occurred, which may also include events that have already occurred but have not been reported to the Company. The LFRC represents the Company's liability for insured events that have not yet occurred under the insurance contract. Under IFRS 17, insurance revenue in each reporting period represents the change in the LFRC that relates to services for which the Company expects to receive consideration.

General insurance and reinsurance contracts

(i) Classification

Contracts under which the Company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder, are classified as insurance contracts. Contracts that do not transfer significant insurance risk are classified as investment or service contracts. All contracts offered by the Company meet the definition of an insurance contract.

The Company does not offer any product with direct participating features.

1 Accounting policies (continued)

(ii) Separating components

The Company assesses its insurance and reinsurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Company applies IFRS 17 to all remaining components of the host insurance contract. The Company’s insurance and reinsurance contracts do not include any components that require separation.

(iii) Level of aggregation

Insurance and reinsurance contracts are aggregated into portfolios and split into annual cohorts and profitability groups for measurement and presentational purposes. The portfolios are comprised of contracts with similar risks which are managed together. Judgement is applied when determining portfolios and includes drivers such as geography, lines of business (where these are separate components). Management considers the insurance contracts issued and the reinsurance contracts held are determined to present a portfolio.

Each annual cohort of business recognised within the portfolio is further divided into groups based on the expected profitability, determined at initial recognition and assessed using actuarial valuation models applied to lower level sets of contracts. As a minimum the following groupings are separated:

- Onerous contracts;
- Contracts that have no significant possibility of becoming onerous (based on the probability that changes to assumptions result in contracts becoming onerous); and
- Any remaining contracts.

Contracts are considered onerous if the fulfilment cashflows allocated to that group of contracts in total are a net outflow. Where the Premium Allocation Approach (see section (vi)) is applied, the Company uses an IFRS 17 permitted simplification that assumes that no contracts in a portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. The Company has developed methodology that identifies facts and circumstances that indicate whether a set of contracts is onerous, which is primarily based on internal management budgeting information.

(iv) Recognition and derecognition

An insurance contract issued by the Company is recognised from the earliest of:

- The date the Company is exposed to risk which is ordinarily the beginning of the coverage period (i.e. the period during which the Company provides services in respect of any premiums within the contract boundary of the contract);
- The date the first premium payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; or
- The date when facts and circumstances indicate the contract is onerous.

When a contract is recognised, it is added to an existing group of contracts. However, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future similar contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

1 Accounting policies (continued)

The Company derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e. discharged, cancelled or expired); or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognises the initial contract and recognises a new contract based on the modified terms.

When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the contract as an adjustment to the relevant LFRC.

Reinsurance contracts are recognised on the same basis.

(v) Contract boundaries

The Company uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. The measurement of a group of contracts includes all the future cash flows within the boundary of each contract in the group, determined as:

Insurance contracts

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with services. A substantive obligation to provide services ends when:

- The Company has the practical ability to reassess the risks of the policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
- The Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not consider risks that relate to periods after the reassessment date.

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Company's substantive rights and obligations and, therefore, may change over time.

Reinsurance contracts

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

A substantive right to receive services from the reinsurer ends when the Company is no longer compelled to pay amounts to the reinsurer and if the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Company's substantive rights and obligations and, therefore, may change over time.

1 Accounting policies (continued)

(vi) Measurement model – Premium Allocation Approach (PAA)

The Company applies the PAA when measuring the liability for remaining coverage of groups of insurance and reinsurance contracts when the following criteria are met at inception:

Insurance contracts:

- The coverage period of each contract in the group is one year or less; or
- Where the coverage period of a group of contracts is longer than one year, it is reasonably expected that the measurement of the liability for remaining coverage for the group containing those contracts under PAA does not differ materially from the measurement that would be recognised by applying the General Measurement Model (GMM).

Reinsurance contracts held:

- The coverage period of each contract in the group is one year or less; or
- The Company reasonably expects that the resulting measurement of the asset for remaining coverage under the PAA would not differ materially from the result of applying the GMM.

The vast majority of the Company's insurance business has a duration of one year or less and the PAA model is eligible automatically. Where the PAA model is not automatically eligible, financial modelling is performed comparing the financial effects under the two models. Where the financials are not expected to be materially different under the GMM and PAA, the relevant unit of account is treated as PAA eligible. The reinsurance contracts held are covered by an agreement that spans longer than one year but has been assessed to be eligible for use of the PAA model.

Initial recognition

On initial recognition of each group of contracts, the carrying amount of the LFRC is measured as the premiums received less any insurance acquisition cash flows allocated to the group at that date. For reinsurance contracts held, the measurement of the reinsurance contract held includes all expected cash flows within the boundary of the reinsurance contract, including those cash flows related to recoveries from future underlying insurance contracts that have not yet been issued by the Company, but are expected to be issued during the coverage period of the reinsurance contract held.

Subsequent measurement

For insurance contracts issued, at each of the subsequent reporting dates, the LFRC is:

- Increased by any premiums received and insurance acquisition cash flows recognised as expenses; and
- Decreased by the amount recognised as insurance revenue for services provided and any additional insurance acquisition cash flows allocated after initial recognition.

For reinsurance contracts held, at each of the subsequent reporting dates, the Company applies the same accounting policies to measure a group of reinsurance contracts held, adapted where necessary to reflect features as relevant to those contracts.

To identify onerous contracts, the PAA facts and circumstances test uses the latest signed-off Corporate Strategic Plan, identifying portfolios of contracts with a gross combined operating ratio (COR) > 100% (including risk adjustment), when aligned to the relevant period being tested. Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, a loss component is recognised. The Company also establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held representing the expected recovery of the losses.

1 Accounting policies (continued)

A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Company expects to recover from the group of reinsurance contracts held.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company recognises a loss within insurance service expenses in the statement of profit or loss and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. Measurement of the loss component arising from the identification of onerous contracts is based on the future expected profitability calculation attributed to the annual cohort(s) which are indicated to be loss making.

The Company recognises the LIC of a group of insurance contracts at the discounted amount of the future cash flows relating to liability for incurred claims and attributable expenses.

Discount rates are applied to reflect the time value of money and characteristics of the liability cash flows and contracts (including liquidity).

The change in the LIC due to the effects of the time value of money and financial risk is recognised within the insurance finance income/(expense) from insurance contracts issued, in the statement of profit or loss.

The Company recognises the loss arising from onerous contracts as part of the insurance service expense in the statement of profit or loss. If there are no changes in expectations in subsequent periods, the release of the loss component is recognised as an adjustment to insurance service expenses in the statement of profit or loss in line with the pattern of earned premium.

(vii) Risk adjustment

The Risk Adjustment for non-financial risk is the compensation the Company requires for bearing the uncertainty about the amount and timing of the cash flows that arise from non-financial risk as it fulfils insurance contracts. The addition for uncertainty is assessed using actuarial methods including the Mack method and Bootstrapping techniques, based on at least the 75th percentile confidence level. From time to time, management may elect to select an additional allowance to reflect short-term uncertainty driven by specific events. This approach generally results in a favourable release of provisions in the current financial year, arising from the settlement of claims relating to previous financial years.

Overall, it is estimated that the booked Risk Adjustment provides for a confidence level in the Company non-life reserves in the range of 80% - 90% (2023: approximately 90%). Percentile estimates for loss distributions are highly uncertain. They contain a large number of judgements on possible future outcomes. This may mean that the percentile moves year on year whilst our approach to calibrating the loss distribution remains consistent.

(viii) Insurance acquisition cash flows

Insurance acquisition cash flows are costs considered directly attributable to selling, underwriting or starting a portfolio of insurance contracts and are presented within the liability for remaining coverage. Insurance acquisition cash flows include direct costs and indirect costs, although the Company does not have any costs directly related to acquisition other than commissions. The PAA provides an option to expense insurance acquisition cash flows as incurred. Given the simple nature of the insurance acquisition cash flows relevant to the Company, this option has been applied.

Under IFRS 17, insurance acquisition cash flows for insurance contracts, insurance receivables and payables, and provisions for levies that are attributable to existing insurance contracts are included in the measurement of insurance contracts issued.

1 Accounting policies (continued)

(ix) Insurance revenue

Under the premium allocation approach, insurance revenue for the period is the amount of expected premium receipts (excluding any investment component and after adjustment to reflect the time value of money and the effect of financial risk, if applicable) allocated to the period for services provided.

The Company allocates the expected premium receipts to each period of insurance contract services, on the basis of the passage of time or, if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, on the basis of the expected timing of incurred insurance service expenses.

Changes to the basis of allocation are accounted for prospectively as a change in accounting estimate.

(x) Insurance service expenses

Insurance service expenses include fulfilment and acquisition cash flows which are costs directly attributable to insurance contracts and comprise both direct costs and the allocation of fixed and variable overheads. It is comprised of the following:

- Incurred claims and benefits excluding investment components;
- Other incurred discretionary attributable insurance service expenses;
- Insurance acquisition cash flows, as and when applicable;
- Changes that relate to past service (i.e. changes in the future cash flows relating to the LIC), as and when applicable; and
- Changes that relate to future service (i.e. losses/reversals on onerous groups of contracts from changes in the loss components), as and when applicable.

Other expenses not meeting the above categories are included in other operating expenses in the statement of profit or loss.

(xi) Net income or expense from reinsurance contracts

Net income or expense from reinsurance contracts represents the insurance service result for groups of reinsurance contracts held and comprises of the allocation of reinsurance premiums and other incurred directly attributable claims and expenses.

Reinsurance premium and expenses are recognised using the principles used to determine insurance revenue and expenses. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the Company expects to pay in exchange for those services.

The estimates of the present value of future cash flows of the reinsurance contracts held will reflect the risk of non-performance by the reinsurer and the risk adjustment for reinsurance contracts held and is measured and recognised separately from insurance contracts issued.

Reinsurance expenses reflect the allocation of reinsurance premiums paid or payable for receiving services in the period.

The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be recovered under the reinsurance contract held.

1 Accounting policies (continued)

(xii) Net insurance financial result

Net insurance financial result comprises the change in the carrying amount of groups of insurance contracts issued and reinsurance contracts held arising from the effect of the time value of money and changes in the time value of money and the effect of financial risk and changes in financial risk.

This arises from the unwinding of discounting of the liability for incurred claims; accretion of interest on and changes in discount rates in the period that impact the measurement of the liability for incurred claims. This application is relevant to both the insurance and reinsurance contracts held.

Reinsurance

The Company has a reinsurance treaty with EIO which took effect from 1998, whereby all business accepted by the company is fully reinsured with Ecclesiastical Insurance Office plc with the exception of terrorism cover which is reinsured through a third party, Pool Re. Reinsurance premiums are accounted for at the time the business is written by the Company. The Company's and the reinsurers' share of claims are recognised at the time the claims are notified or earlier by way of a liability for incurred claims.

Prior to the reinsurance treaty with EIO, the Company had in place a reinsurance agreement with a third party for risks from 1971 to 1998, which covers liabilities for that period. The Company had other arrangements in place prior to this date.

Reinsurance commission relates to a profit share receivable on the Reinsurance agreement between the Company and EIO. The profit commission receivable is calculated based on the net underwriting result of the related contracts during the year in accordance with the terms of the Reinsurance Agreement. Profit commission is reported within the net expense from reinsurance contracts held. In the event of a net underwriting loss, the Reinsurance agreement states that profit commission cannot fall below nil (i.e., cannot become negative), and in the event of a negative adjusted underwriting result, the amount of such a loss would be offset against future profits until extinguished (over a period of two succeeding years).

Financial Instruments

The Company utilises IFRS 9 Financial Instruments. The Company’s IFRS 9 accounting policies are described below:

(i) Classification and measurement

All financial assets under IFRS 9 are to be initially recognised at fair value, plus (in the case of a financial asset not at FVTPL) transaction costs that are directly attributable to the acquisition of the financial instrument. Classification and subsequent measurement of financial assets depends on the Company’s business model for managing the financial assets and the contractual terms of the cash flows.

(ii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The right to receive cash flows from the asset have expired; or
- The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement: and either: (a) the Company has transferred substantially all the risks and rewards of the asset; or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

1 Accounting policies (continued)

Financial instruments

Financial investments are held as OEIC funds which contain both fixed interest and equity elements. The company classifies its investments as financial assets designated at fair value through profit or loss (FVTPL), as they are managed, and their performance evaluated, on a fair value basis. Changes in the fair value of equity instruments at FVTPL are recognised in ‘net investment result’ in the statement of profit or loss.

Financial investments are classified into this category if they are managed, and their performance evaluated, on a fair value basis. Purchases and sales of these investments are recognised on the trade date, which is the date that the Company commits to purchase or sell the assets, at their fair value adjusted for transaction costs. Financial investments within this category are classified as held for trading if they are derivatives that are not accounted for as a net investment hedge or are acquired principally for the purpose of selling in the near term.

The fair values of investments are based on quoted bid prices. Where there is no active market, fair value is established using a valuation technique based on observable market data where available.

The Company’s IFRS 9 accounting policies are described below:

All other financial assets and liabilities are held at amortised cost using the effective interest method, except for short-term receivables and payables where the recognition of interest would be immaterial. Included in financial liabilities is permanent interest-bearing capital.

The directors consider that the carrying value of those financial assets and liabilities not carried at fair value in the financial statements approximates to their fair value.

(i) Impairment

The Company recognises a forward-looking loss allowance for expected credit losses (ECL) on financial assets measured at amortised cost. ECL is an unbiased, probability-weighted estimate of credit losses and considers all reasonable and supportable information. The impairment methodology applied depends on whether there has been a significant increase in credit risk or default.

The Company elects to apply the simplified approach permitted by IFRS 9 and recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Company’s historical credit loss experience, adjusted for current and forecast economic conditions.

Offset of financial assets and financial liabilities

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, cash held by investment broker, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation, as a result of past events, and it is probable that an outflow of resources, embodying economic benefits, will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

1 Accounting policies (continued)

Where the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

The Company recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event, or if there is a present obligation but either an outflow of resources is not probable or the amount cannot be reliably estimated.

Taxation

Income tax comprises current tax and is recognised in the statement of profit or loss. Current tax is the expected tax payable on the taxable profit for the period and any adjustment to the tax payable in respect of previous periods.

Deferred tax is provided in full on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax is measured using tax rates expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled based on tax rates and laws which have been enacted or substantively enacted at the year end date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are not discounted.

Appropriations

Dividends

Dividends are recognised in the period in which they are declared and appropriately approved.

Use of Alternative Performance Measures (APM)

As detailed in the Strategic Report, the Company uses certain key performance indicators which, although not defined under IFRS, provide useful information and aim to enhance understanding of the Company's performance. The key performance indicators should be considered complementary to, rather than a substitute for, financial measures defined under IFRS. Appendix 1 provides details of how these key performance indicators reconcile to the results reported under IFRS.

2 Critical accounting estimates, and judgements in applying accounting policies

The Company makes estimates and judgements that affect the reported amounts of assets and liabilities. Estimates and judgements are regularly reviewed and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management have considered the current economic environment in their estimates and judgements.

The following are the critical judgements, apart from those involving estimations which are dealt with separately below, that the directors have made in the process of applying the Company’s accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

2 Critical accounting estimates, and judgements in applying accounting policies (continued)

The ultimate liability arising from claims made under general business insurance contracts

The estimation of the ultimate liability arising from quantification of the critical estimates, which relate to both the insurance contract liabilities and reinsurance contract assets, as detailed in Note 20 is a critical accounting estimate. There are various sources of uncertainty as to how much the Company will ultimately pay with respect to such contracts. There is uncertainty as to the total number of claims made on each class of business, the amounts that such claims will be settled for and the timings of any payments.

The uncertainties surrounding the estimates of claims payments for the various classes of business are discussed further in note 3. The sensitivity of profit or loss to changes in the ultimate settlement cost of insurance contract liabilities is presented in note 20 (xi).

Level of aggregation

The Company separates insurance contracts into portfolios of similar risks that are managed together. The majority of the Company's insurance contracts represent a combination of component risks which are sold as an overall product and this unit has not been unbundled because the combination is not solely for administrative or customer convenience. For contracts eligible for the PAA (materially all of the portfolio), the lower level products provided to the customer base can all materially be represented by an overarching product line (packaged commercial product of GI risks) with each contract unsuitable for unbundling below the legal contract level. Portfolios of insurance contracts are divided into profitability groups for measurement purposes. Under the PAA model the default assumption is made that no groups are onerous unless facts and circumstances indicate otherwise, which is determined through review for go-forward expected losses for groupings identified in the Corporate Strategic Plan.

Risk adjustment

A risk adjustment for non-financial risk is determined to reflect the compensation that the Company would require for bearing non-financial risk and its degree of risk aversion. The risk adjustment for non-financial risk has been determined using a combination of confidence level techniques, and scenarios, with the judgement made that the techniques previously used for quantifying reserve risk appetite and setting reserves explicitly above the best estimate represent the most appropriate mechanism for quantifying compensation required. Further details on the application of this methodology is included in note 20 (vi).

Discount rates

IFRS 17 requires entities to determine discount rates that reflect the characteristics of the liabilities using either the 'bottom up' or 'top down' approach. The 'top down' approach involves using discount rate curves derived from a portfolio of reference assets adjusted to remove all characteristics of the assets that are not present in insurance contracts, but not requiring to eliminate the illiquidity premium.

The Company selected to continue to apply its previous practice for non-life business of using the 'bottom up' approach which requires the use of risk-free rate curves and adding the illiquidity premium. The Company derives illiquidity by reference to the illiquidity estimated to apply to a suitable reference portfolio of assets with similar liquidity characteristics. The published yields on Government bonds in each territory are used as a reference for risk-free rates. Further details on the application of this methodology is included in note 20 (viii).

Deferred tax

Deferred tax assets are recognised on tax losses carried forward only to the extent that the realisation of the related tax benefit is probable, based on future taxable profits estimated using business plans covering a 3-year period. Note 14 provides details of the deferred taxation (charge)/credit.

3 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount and timing of the resulting claim. By the very nature of an insurance contract, this risk is unpredictable and difficult to quantify with certainty.

The principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities, which may occur if the frequency or severity of claims and benefits are greater than estimated. Insurance events are unpredictable and the actual level of claims and benefits may vary from year to year from the estimate established using statistical techniques.

Experience shows that the larger and more diversified the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. As a niche market operator the Company's opportunity to diversify the type of insurance risks is limited; however, some diversification is achieved by the geographical spread of its business within the UK.

General business risks

General insurance business classes written include property and liability. Property cover mainly compensates the policyholder for damage suffered to their properties or for the value of property lost, and may also include cover for other costs or losses arising from the inability to use damaged or lost insured properties. Liability insurance contracts protect policyholders from the liability to compensate injured employees (employers' liability) and third parties (public liability). Injury, death or incapacity as a result of an unforeseen event is covered by the accident class of business.

In all operations, pricing controls are in place underpinned by sound statistical analysis and market expertise and appropriate external consultant advice. The Company manages risks to limit severity through its underwriting strategy, a comprehensive reinsurance programme and proactive claims handling.

Frequency and severity of claims

Property classes

For property insurance contracts, the number of claims made can be affected by weather events, changes in climate and crime rates. Individual claims can vary in amount since the property insured is diverse in both size and nature. The cost of repairing property varies according to the extent of damage, cost of materials and labour charges.

Climate change may give rise to more frequent and severe extreme weather events, such as river flooding, hurricanes and drought, and their consequences, for example, subsidence claims.

The maximum claim payable is limited to the sum insured. The Company has the right to re-price the risk on renewal. It also has the ability to impose deductibles, reject fraudulent claims and pursue third parties for payment of some or all costs. Most contracts are underwritten on a reinstatement basis. Costs of rebuilding properties, of replacement or indemnity for contents and time taken to restart operations for business interruption are the key factors that influence the level of claims. Individual large claims are more likely to arise from fire, storm or flood damage. The greatest likelihood of an aggregation of claims arises from weather related events.

Liability classes

The settlement value of claims arising under public and employers' liability is particularly difficult to predict. There is uncertainty as to whether any payments will be made and, if they are, the amount and timing of payments. Key factors driving the high levels of uncertainty include the late notification of possible claims events and the legal process.

The Company has the right to re-price the risk on renewal. It also has the ability to impose deductibles, reject fraudulent claims and pursue third parties for payment of some or all costs. The severity of bodily injury claims is highly influenced by the value of loss of earnings and the future cost of care.

3 Insurance risk (continued)

Concentrations of risk

The underwriting strategy is designed to ensure that the underwritten risks are well diversified in terms of type and amount of risk. The concentration of insurance risk for the financial year in relation to the type of risk accepted is summarised below, with reference to gross written premiums (detailed breakdown in appendix 1):

	Type of risk			
	Property £000	**Liability £000**	**Accident £000**	**Total £000**
Gross written premiums				
2024	**3,917**	**343**	**32**	**4,292**
2023	3,844	293	30	4,167

The Company operates a Joint Administration Agreement and a Reinsurance Treaty Agreement with EIO, under which EIO manages and administers the Company's insurance business and accepts all insurances written by the Company with the exception of terrorism cover, which is reinsured through a third party, Pool Re, and is responsible for all disbursements relating to the business except certain expenses designated as the sole responsibility of the Company.

The quantitative assessment of the key risks relating to both insurance contract liabilities and reinsurance assets is disclosed in the relevant balances in Note 20.

Sources of uncertainty in the estimation of future claim payments

Property classes

The property classes give rise to a variety of different types of claims including fire, weather damage, business interruption, subsidence, and theft. There can be variability in both the number of claims in each period and the size of those claims. If a weather event happens near the end of the financial year, then the uncertainty about ultimate claims cost in the financial statements is much higher because there is insufficient time for adequate data to be received to assess the final cost of claims.

Claims payment, on average, occurs within a year of the claim event; however, there is variability around this average with larger claims typically taking longer to settle.

Subsidence claims are difficult to predict because the damage is often not apparent for some time. Changes in soil moisture conditions can give rise to changes in claim volumes over time. The ultimate settlements can be small or large with a greater risk of a settled claim being re-opened at a later date.

Liability classes

Late notification of possible claims necessitates the holding of provisions for incurred claims that may only emerge some years into the future. In particular the effect of inflation over such a long period can be considerable and is uncertain. A lack of comparable past experience makes it difficult to quantify the number of claims and, for certain types of claims, the amounts for which they will ultimately settle. The legal and legislative frameworks continues to develop, which has a consequent impact on the uncertainty as to the length of the claims settlement process and the ultimate settlement amounts.

Claims that may arise from the liability class of business include damage to third party property, physical and sexual abuse, physical injury, disease and psychological trauma. The Company has a different exposure profile to most other commercial lines insurance companies as it has lower exposure to industrial risks, where uncertainty is higher.

Note 20 presents the development of the estimate of ultimate claim cost for public and employers' liability claims occurring in a given year. This gives an indication of the accuracy of the estimation technique for incurred claims.

3 Insurance risk (continued)

Sources of uncertainty

The ultimate settlement cost of incurred general insurance claims is inherently uncertain. Such uncertainty includes:

- whether a claim event has occurred or not and how much it will ultimately settle for;
- variability in the speed with which claims are notified and in the time taken to settle them, especially complex cases resolved through the courts;
- changes in the business portfolio affecting factors such as the number of claims and their typical settlement costs, which may differ significantly from past patterns;
- new types of claim, including latent claims, which arise from time to time;
- changes in legislation and court attitudes to compensation, which may apply retrospectively;
- the way in which certain reinsurance contracts (principally liability) will be interpreted in relation to unusual/latent claims where aggregation of claimants and exposure over time are issues; and
- whether all such reinsurances will remain in force over the long term.

Special provisions for latent claims

The public and employers' liability classes can give rise to very late reported claims, which are often referred to as latent claims. These can vary in nature and are difficult to predict. Currently, the Company only has access to very limited information for some of these claims. They typically emerge slowly over many years. The Company has reflected this uncertainty and believes that it holds adequate reserves for latent claims that may result from exposure periods up to the reporting date. These claims are included within the overall insurance contract liabilities.

4 Financial risk and capital management

The Company is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The Company is exposed to market risk arising from fluctuations in values, including from movements in market prices and interest rates. The risk is mitigated by holding a diversified portfolio of UK and overseas investment in open-ended investment companies (OEICs). The most important components of financial and market risk are credit risk, liquidity risk, equity price risk and interest rate risk, as set out further below.

As at the balance sheet date, there had been no change from the prior period to the financial risks that the Company was exposed to, or the manner in which it manages and measures these risks. The current economic climate, driven by a number of economic and political events over the past few years, has continued to create additional uncertainty in the business during 2024 and into 2025. Despite this, our capital and solvency position remains strong.

4 Financial risk and capital management (continued)

Categories of financial instruments

Categories applying IFRS 9

At 31 December 2024	**Financial assets** Designated at fair value through profit or loss £	**Financial assets** Amortised cost £	Financial liabilities at amortised cost £	Non-financial assets and liabilities £	Total £
Financial investments	8,666,464	-	-	1,996	**8,668,460**
Other assets	-	104,925	-	5,327	**110,252**
Cash and cash equivalents	-	220,219	-	-	**220,219**
Permanent interest bearing capital	-		(147,850)	-	**(147,850)**
Other liabilities	-		(234,286)	(122,644)	**(356,930)**
Net other	-	-	-	(134,622)	**(134,622)**
Net assets	**8,666,464**	**325,144**	**(382,136)**	**(249,943)**	**8,359,529**

At 31 December 2023	**Financial assets** Designated at fair value through profit or loss £	**Financial assets** Amortised cost £	Financial liabilities at amortised cost £	Non-financial assets and liabilities £	Total £
Financial investments	7,631,231	-	-	1,996	**7,633,227**
Other assets	-	-	-	5,270	**5,270**
Cash and cash equivalents	-	1,579,790	-	-	**1,579,790**
Permanent interest bearing capital	-		-	-	**-**
Other liabilities	-	-	(388,808)	(115,348)	**(504,157)**
Current tax liabilities	-	-	-	(36,191)	**(36,191)**
Net other	-	-	-	(535,686)	**(535,686)**
Net assets	**7,631,231**	**1,579,790**	**(388,808)**	**(679,960)**	**8,142,253**

The carrying value of those financial assets and liabilities not carried at fair value in the financial statements is considered to approximate to their fair value.

The permanent interest bearing capital of £147,850 was included within other liabilities in 2023.

4 Financial risk and capital management (continued)

Fair value hierarchy

The fair value measurement basis used to value financial assets and financial liabilities held at fair value is categorised into a fair value hierarchy as follows:

Level 1: fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities. This category includes listed equities in active markets, listed debt securities in active markets and exchange traded derivatives.

Level 2: fair values measured using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes listed debt or equity securities in a market that is not active and derivatives that are not exchange traded.

Level 3: fair values measured using inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes unlisted equities, including investments in venture capital, and suspended securities.

All financial instruments recognised by the company and classified at fair value in the current and prior year are classified as level 1. Accordingly no analysis of fair value measurement bases is presented.

Credit risk

The Company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Company is exposed to credit risk are:

- reinsurance contract assets due from reinsurers;
- amounts due from insurance intermediaries and policyholders;
- amounts due from EIO under the Joint Administration Agreement and Reinsurance Treaty; and
- deposits held with banks.

The carrying amount of financial assets represents the Company's maximum exposure to credit risk. No significant amounts are overdue, and none are impaired.

The Company uses reinsurance to manage insurance risk, with all business accepted by the Company fully reinsured with EIO, with the exception of terrorism cover which is reinsured through a third party, Pool Re. Prior to the reinsurance treaty with EIO, the Company had in place a reinsurance agreement with a third party for risks from 1971 to 1998, which covers liabilities for that period. The Company had other arrangements in place prior to this date. These reinsurance arrangements do not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. EIO mitigates its own insurance risk through a comprehensive programme of reinsurance. Its Reinsurance Security Committee assesses, monitors and approves the creditworthiness of its reinsurers reviewing relevant credit ratings provided by the recognised credit rating agencies, as well as other publicly available data and market information. At the date of this report EIO has credit ratings of A2 (stable outlook) with Moody's, and A (stable outlook) with AM Best.

The Company's credit risk policy details prescriptive methods for the collection of premiums and control of intermediary and policyholder debtor balances. The level and age of debtor balances are regularly assessed via monthly credit management reports and where possible creditors are monitored via credit reference agencies to minimise the risk of default.

Where available the Company manages its exposure to credit risk in relation to credit risk ratings. Investment grade financial assets are classified within the range AAA to BBB ratings, where AAA is the highest possible rating. Financial assets which fall outside this range are classified as sub-investment grade. 'Not-rated' assets capture assets not rated by external rating agencies.

The following table provides information regarding the credit risk exposure of financial assets with credit ratings from Standard & Poors or from a similar agency. This includes financial assets that meet the definition of 'solely payments of principal and interest' (SPPI).

4 Financial risk and capital management (continued)

As at 31 December 2024

	SPPI			Non-SPPI
	Cash and cash equivalents £	**Other financial assets £**	**Total SPPI £**	**Equity Instruments £**
AAA	-	-	-	-
AA	-	-	-	-
A	**220,219**	**104,925**	**325,144**	-
BBB	-	-	-	-
Below BBB	-	-	-	-
Not rated	-	**1,025,194**	**1,025,194**	**8,666,464**
	220,219	**1,130,119**	**1,350,338**	**8,666,464**

As at 31 December 2023

	SPPI			Non-SPPI
	Cash and cash equivalents £	Other financial assets £	Total SPPI £	Equity Instruments £
AAA	-	-	-	-
AA	-	-	-	-
A	1,579,790	-	1,579,790	-
BBB	-	-	-	-
Below BBB	-	-	-	-
Not rated	-	869,699	869,699	7,631,231
	1,579,790	869,699	2,449,489	7,631,231

The financial investments are comprised of OEICs and although shown as not rated above at an aggregate level, the Company monitors the rating composition within the holdings to ensure they meet risk appetite levels. The applicable ratings of the respective companies are contained in the look through data, which forms part of the regulatory returns.

Liquidity risk

The Company is exposed to daily calls on its available cash resources mainly from claims arising from insurance contracts. Liquidity risk is the risk that funds may not be available to pay obligations when due. The Company has robust processes in place to manage liquidity risk and has adequate access to funding in case of exceptional need. Sources of funding include available cash balances, other readily marketable assets and access to short-term bank funding.

Financial liabilities of the Company all mature within one year, with the exception of permanent interest-bearing capital, which is irredeemable. An estimate of the timing of the net cash outflows resulting from insurance contracts is provided in note 20.

Market risk

As assessment of the key elements impacting market price for the Company are as follows.

4 Financial risk and capital management (continued)

(a) Interest rate risk

The table below summarises the maturity dates at the year end for those financial assets that are exposed to interest rate risk.

	2024 £	2023 £
Other assets including insurance instalment receivables	**-**	284,704
Cash and cash equivalents	**220,219**	1,579,790
	220,219	1,864,495

All amounts have maturity dates of less than one year.

General business insurance liabilities are not directly sensitive to the level of market interest rates, as they are contractually non-interest bearing. Furthermore, these liabilities do not have maturity dates hence are not included in the above tables.

The interest rate applicable to the Company's permanent interest-bearing capital of preference and ordinary shares is fixed at 4% and 5% respectively on the amount paid up.

The sensitivity of Company's profit or loss and other equity reserves to interest rate risk, included as part of the of the discount rate used for the measurement of insurance liabilities, is provided in note 20(viii).

(b) Equity price risk

Investments held by the Company and classified at FVTPL are exposed to price risk. The risk is mitigated by holding a diversified portfolio of UK and overseas equities indirectly through investment in OEICs.

(c) Equity risk sensitivity analysis

The sensitivity of profit to movements in equity price risk is shown in the following table:

		Potential increase/(decrease) in profit and equity	
	Change in variable	**2024 £**	2023 £
Equity price risk	**-10%**	**(649,985)**	(583,789)
	+10%	**649,985**	583,789

The assets to which the equity risk has been calculated related to OEICs. As at 31 December 2024, the Company held investments as OEICs which have a significant fixed interest element within them. The assessment is therefore considered to be a conservative view of the potential risk that may arise, as the mix of fixed interest and equity mitigates the total exposure.

Capital management

The Company is subject to insurance solvency regulations, and capital is managed and evaluated on the basis of regulatory capital. The Company's objectives when managing capital are:

- to comply with the regulator's capital requirements of the insurance market in which the Company operates; and
- to safeguard the Company's ability to continue to meet stakeholders' expectations, in accordance with its corporate mission, vision and values.

The Company is required to comply with the rules issued by the PRA and FCA. Annual quantitative returns are submitted to the PRA. A further report, the Solvency and Financial Condition Report (SFCR) is produced annually and must be published on the Company's website.

During the year, the Company complied with these capital requirements.

4 Financial risk and capital management (continued)

The Company has adopted the Solvency II standard formula approach to determine its solvency capital requirement (SCR). The Company is required to maintain its regulatory capital above the higher of the SCR and MCR (Minimum Capital Requirement). For the 2024 accounts, the applicable measure is the MCR. Economic capital is the Company’s own internal view of the level of capital required, and this measure is an integral part of the Own Risk and Solvency Assessment Report (ORSA) which is a private, internal forward looking assessment of own risk and capital requirement, as required as part of the Solvency II regime. Risk appetite is set such that the target level of economic capital is always higher than the regulatory MCR.

5 Insurance revenue

	2024 £	2023 £
Contracts measured under PAA	**4,275,478**	4,152,945
Total insurance revenue	**4,275,478**	4,152,945

6 Insurance service expenses

		2024 £	2023 £
Incurred claims and benefits excluding investment components		**2,631,576**	1,206,038
Other directly attributable expenses	9	**203,337**	226,929
Insurance acquisition cash flows recognised when incurred	20	**16,566**	15,571
Changes that relate to past service	20	**(48,299)**	685,755
Total insurance service expenses		**2,803,180**	2,134,293

7 Net insurance financial result

	2024 £	2023 £
Insurance finance income/(expense) from insurance contracts issued		
Interest accreted	**(150,000)**	(82,000)
Effect of changes in interest rates and other financial assumptions	**123,000**	(27,000)
Total	**(27,000)**	(109,000)
Reinsurance finance income from reinsurance contracts held		
Interest accreted	**32,000**	70,000
Effect of changes in interest rates and other financial assumptions	**2,000**	50,000
Total	**34,000**	120,000
Net insurance financial result	**7,000**	11,000

The net insurance financial income of £7,000 (2023: £11,000) recognised in the statement of profit or loss has been impacted by increases in discount rates during 2024, with smaller changes seen in rates during 2023. Due to the high level of reinsurance contracts held, the net amount is diluted in both periods. The impact of discount rates on the net insurance financial income is mitigated by movements in the investment return as can be seen within the respective returns.

The Company's investment return on assets detailed in note 8 includes the financial performance of the assets held to back these insurance liabilities. The Company manages financial performance by aligning its investment strategies where appropriate with the characteristics of its insurance liabilities, mitigating the overall impact of net insurance financing effects.

8 Net investment result

	2024 £	2023 £
Income from financial assets at fair value through the statement of profit or loss:		
- equity income	**226,428**	220,449
Income from financial assets calculated using the effective interest rate method:		
- cash and cash equivalents income	**8,734**	6,665
- other income received	**-**	70
Investment income	**235,162**	227,185
Fair value gains/(losses) on investments at fair value through the statement of profit or loss	**585,234**	721,187
Net investment result	**820,396**	948,372

9 Expenses

An analysis of the expenses incurred by the Company is included in the table below:

	2024 £			2023 £		
	Other directly attributable expenses	Other operating expenses	**Total**	Other directly attributable expenses	Other operating expenses	**Total**
Directors' fees and expenses	56,039	56,039	112,078	47,808	47,808	95,616
Professional fees	15,472	4,134	19,606	9,689	2,520	12,209
Charitable grants	-	360,124	360,124	-	297,221	297,221
Other operating expenses	131,826	9,987	141,813	169,432	9,312	178,744
Investment expenses	-	4,464	4,464	-	5,052	5,052
Total expenses	**203,337**	**434,748**	**638,085**	**226,929**	**361,913**	**588,842**

Other directly attributable expenses comprise expenses incurred by the Company in the reporting period that relate directly to the fulfilment of contracts issued within IFRS17’s scope, and as shown in note 6.

10 Auditor’s remuneration

	2024 £	2023 £
Fees payable to the Company's auditor for:		
- The audit of the Company's annual accounts	116,300	148,325
Total audit fees	**116,300**	**148,325**

There were no fees incurred for non-audit services or Solvency II in both years.

Amounts disclosed are exclusive of VAT.

11 Employee information

As all management services are provided by EIO under the terms of the JAA, the company had no employees in either the current or prior year.

12 Finance costs

	2024 £	2023 £
Interest payable on permanent interest-bearing capital	7,328	7,328
Total finance costs	**7,328**	**7,328**

13 Charitable grants

	2024 £	2023 £
Charitable grants paid or accrued	**360,124**	**297,221**

Actual monies paid amounted to £261,735, and £98,389 were approved and accrued (2023: £297,221 paid which included an accrual brought forward of £2,500).

14 Taxation

	2024 £	2023 £
UK corporation tax for the current financial year	**(48,585)**	**(168,273)**
Adjustment in respect of prior periods	**40,536**	2,535
Tax (charge)/credit	**(8,049)**	(165,738)
Deferred taxation (charge)/credit	**24,597**	(24,814)
Adjustment in respect of prior periods	**-**	(46,317)
Tax (charge)/credit	**24,597**	(71,131)
Total tax (charge)/credit	**16,548**	(236,869)

Tax on the Company's profit before tax differs from the United Kingdom standard rate of corporation tax for the reasons set out in the following reconciliation:

	2024 £	2023 £
Profit/(loss) before tax	**151,831**	880,013
Tax (charge)/credit calculated at the UK standard rate for the year of 25.0% (2023: 23.5%)	**(37,958)**	(206,803)
Factors affecting charge for the period:		
Non-taxable income	**15,802**	15,536
Expenses not deductible for tax purposes	**(1,832)**	(1,820)
Adjustments to tax charge in respect of prior periods	**40,536**	(43,782)
Tax (charge)/credit	**16,548**	(236,869)

Current tax has been provided at a rate of 25.00% (2023: 23.50%). Deferred Tax has been provided at a rate of 25.00% (2023: 25.00%).

15 Financial investments

Financial investments summarised by measurement category are as follows:

	2024 £	2023 £
Financial investments at fair value through the statement of profit or loss		
Investments in OEIC Funds:		
- listed	**8,666,464**	7,631,231
	8,666,464	7,631,231
Investments in group undertakings		
Shares in subsidiary undertakings	**1,996**	1,996
	1,996	1,996
Total financial investments	**8,668,460**	7,633,227

All investments in OEIC Funds are measured at FVTPL. No financial investments mature within one year (2023: £nil). The financial investments are held as OEIC funds which contain both fixed interest and equity elements. A disposal of £700,000 was transacted at the end of the prior year relating to a subsequent reinvestment into a different fund, although this did not complete until early 2024, leading to a temporary reduction in investment value at the prior year end.

16 Other receivables

	2024 £	2023 £
Other receivables	**110,252**	5,270
	110,252	**5,270**

Other assets are all current and, due to their short-term nature, the above carrying amounts are a reasonable approximation of fair value.

At 31 December 2024, £nil (2023: £733) of receivables from contract holders, agents, brokers and intermediaries were past due and not impaired. No impairment charges have been recognised in the current or prior year.

17 Cash and cash equivalents

	2024 £	2023 £
Cash held at bank	**183,458**	1,564,434
Cash held at investment manager	**36,761**	15,356
	220,219	1,579,790

The above carrying amounts are a reasonable approximation of fair value. Proceeds of £700,000 from a disposal of investments were held in cash at the prior year end with reinvestment occurring in early 2024 (see note 15).

18 Statement of changes in equity

The Company does not have any equity shareholders. Both the ordinary and the preference shares are entitled to fixed percentage dividends on the amounts paid up on the shares, but are not entitled to participate further in the profits of the Company, whether as a going concern or on winding up.

The directors may make grants out of any surplus profits of the company after payment of expenses and dividends and after setting monies aside to any reserve fund to or for the benefit of any ministers, churches or societies of the Baptist denomination; any individual who is a Baptist and whose prime vision and ministry is Christian evangelistic work; and the Council of the Baptist Union for it to apply in such a manner as it may determine.

19 Permanent interest-bearing capital

	2024 £	2023 £
Authorised share capital:		
2,000 4% cumulative preference shares of £5 each	**10,000**	10,000
28,300 5% cumulative ordinary shares of £5 each	**141,500**	141,500
	151,500	151,500
Called up, allotted and fully paid share capital:		
1,286 4% cumulative preference shares of £5 each	**6,430**	6,430
28,284 5% cumulative ordinary shares of £5 each	**141,420**	141,420
	147,850	147,850

The Company's preference and ordinary shares are entitled to annual dividends of 4% and 5% respectively on the amount paid up. The Company has an obligation at the year end date in relation to the dividends payable on the shares and, because of this, the Company is required to account for the whole of its called up share capital as 'permanent interest-bearing capital' in the statement of financial position under IAS 32, Financial Instruments: Presentation. The permanent interest-bearing capital was accounted for within ‘Other payables’ in the comparative year (see note 21).

On winding up, shareholders are entitled only to the amount paid up on shares, and preference shares take priority over ordinary shares on winding up.

Preference and ordinary shares are non current liabilities. They are not redeemable and carry equal voting rights.

20 Insurance liabilities and reinsurance assets

	2024 £	2023 £
Gross		
Insurance contract liabilities for incurred claims	**4,585,729**	4,442,119
Insurance contract liabilities for remaining coverage	**2,070,002**	2,068,460
Total gross insurance contract liabilities	**6,655,731**	6,510,579
Recoverable from reinsurers		
Reinsurance contract assets for incurred claims	**3,738,729**	3,663,619
Reinsurance contract assets for remaining coverage	**2,757,784**	2,311,273
Total reinsurers’ share of insurance liabilities	**6,496,513**	5,974,892
Net		
Insurance contract liabilities for incurred claims	847,000	778,500
Insurance contract liabilities for remaining coverage	(687,781)	(242,814)
Total net insurance liabilities	**159,219**	535,686

Maturity analysis of insurance liabilities and reinsurance assets

Gross insurance liabilities		
Current (less than one year)	3,512,034	3,010,154
Non-current (greater than one year)	3,143,697	3,500,425
Total gross insurance contract liabilities	**6,655,731**	**6,510,579**
Reinsurance assets		
Current (less than one year)	4,199,816	3,252,968
Non-current (greater than one year)	2,296,697	2,721,925
Total reinsurers’ share of insurance liabilities	**6,496,513**	**5,974,892**

20 Insurance liabilities and reinsurance assets (continued)

	Insurance contract liabilities		Reinsurance contract assets		
	Liabilities for remaining coverage £	Liabilities for incurred claims £	Assets for remaining coverage £	Assets for incurred claims £	Total £
At 1 January 2023	**1,861,932**	**4,117,263**	**(2,256,568)**	**(3,066,763)**	**655,864**
Insurance revenue	**(4,152,945)**	**-**	**-**	**-**	**(4,152,945)**
Incurred claims and other insurance service expenses	-	1,432,967	-	-	1,432,967
Changes that relate to past service	-	685,755	-	-	685,755
Insurance acquisition cash flows expensed	15,571	-	-	-	15,571
Insurance service expenses	**15,571**	**2,118,722**	**-**	**-**	**2,134,293**
Insurance service result before reinsurance contracts held	**(4,137,374)**	**2,118,722**	**-**	**-**	**(2,018,652)**
Allocation of reinsurance premiums	-	-	4,095,298	-	4,095,298
Recoveries of incurred claims and other insurance service expenses	-	-	-	(1,291,274)	(1,291,274)
Changes that relate to past service	-	-	-	(1,075,255)	(1,075,255)
Net expense/(income) from reinsurance contracts	**-**	**-**	**4,095,298**	**(2,366,529)**	**1,728,770**
Finance expense from insurance contracts issued	-	109,000	-	-	109,000
Finance income from reinsurance contracts held	-	-	-	(120,000)	(120,000)
Net insurance financial result	**-**	**109,000**	**-**	**(120,000)**	**(11,000)**
Total amounts recognised in statement of profit or loss	**(4,137,374)**	**2,227,722**	**4,095,298**	**(2,486,529)**	**(300,883)**
Premiums received	4,359,473	-	-	-	4,359,473
Insurance acquisition cash flows	(15,571)	-	-	-	(15,571)
Claims and other directly attributable expenses paid	-	(1,902,866)	-	-	(1,902,866)
Premiums paid	-	-	(4,150,004)	-	(4,150,004)
Amounts received	-	-	-	1,889,673	1,889,673
Total cash flows	**4,343,902**	**(1,902,866)**	**(4,150,004)**	**1,889,673**	**180,705**
At 31 December 2023	**2,068,460**	**4,442,119**	**(2,311,273)**	**(3,663,619)**	**535,686**
Insurance revenue	**(4,275,478)**				**(4,275,478)**
Incurred claims and other insurance service expenses	-	2,834,913	-	-	2,834,913
Changes that relate to past service	-	(48,299)	-	-	(48,299)
Insurance acquisition cash flows expensed	16,566	-	-	-	16,566
Insurance service expenses	**16,566**	**2,786,614**	**-**	**-**	**2,803,180**
Insurance service result before reinsurance contracts held	**(4,258,912)**	**2,786,614**	**-**	**-**	**(1,472,298)**
Allocation of reinsurance premiums	-	-	4,209,063	-	4,209,063
Recoveries of incurred claims and other insurance service expenses	-	-	-	(2,610,575)	(2,610,575)
Changes that relate to past service	-	-	-	107,299	107,299
Net expense/(income) from reinsurance contracts	**-**	**-**	**4,209,063**	**(2,503,276)**	**1,705,787**
Finance expense from insurance contracts issued	-	27,000	-	-	27,000
Finance income from reinsurance contracts held	-	-	-	(34,000)	(34,000)
Net insurance financial result	**-**	**27,000**	**-**	**(34,000)**	**(7,000)**
Total amounts recognised in statement of profit or loss	**(4,258,912)**	**2,813,614**	**4,209,063**	**(2,537,276)**	**226,489**
Premiums received	4,277,020	-	-	-	4,277,020
Insurance acquisition cash flows	(16,566)	-	-	-	(16,566)
Claims and other directly attributable expenses paid	-	(2,670,004)	-	-	(2,670,004)
Premiums paid	-	-	(4,655,574)	-	(4,655,574)
Amounts received	-	-	-	2,462,166	2,462,166
Total cash flows	**4,260,454**	**(2,670,004)**	**(4,655,574)**	**2,462,166**	**(602,958)**
At 31 December 2024	**2,070,002**	**4,585,729**	**(2,757,784)**	**(3,738,729)**	**159,218**

20 Insurance liabilities and reinsurance assets (continued)

i) Reconciliation of the liability for remaining coverage

Insurance contracts issued

	PAA		
	Excluding loss component £	**Loss component £**	**Total £**
At 1 January 2023	1,861,932	-	**1,861,932**
Insurance revenue	**(4,152,945)**	-	**(4,152,945)**
Insurance acquisition cash flows expensed	15,571	-	15,571
Insurance service expenses	**15,571**	-	**15,571**
Total amounts recognised in statement of profit or loss	**(4,137,374)**	-	**(4,137,374)**
Premiums received	4,359,473		4,359,473
Insurance acquisition cash flows	(15,571)		(15,571)
Total cash flows	**4,343,902**	-	**4,343,902**
At 31 December 2023	**2,068,460**	-	**2,068,460**
Insurance revenue	**(4,275,478)**		**(4,275,478)**
Insurance acquisition cash flows expensed	16,566	-	16,566
Insurance service expenses	**16,566**	-	**16,566**
Insurance service result before reinsurance contracts held	**(4,258,912)**	-	**(4,258,912)**
Total amounts recognised in statement of profit or loss	**(4,258,912)**	-	**(4,258,912)**
Premiums received	4,277,020	-	4,277,020
Insurance acquisition cash flows	(16,566)	-	(16,566)
Total cash flows	**4,260,455**	-	**4,260,455**
At 31 December 2024	**2,070,002**	-	**2,070,002**

20 Insurance liabilities and reinsurance assets (continued)

ii) Reconciliation of the liability for incurred claims

Insurance contracts issued

	Estimates of present value of future cash flows £	Risk adjustment for non-financial risk £	Total £
At 1 January 2023	2,601,263	**1,516,000**	**4,117,263**
Incurred claims and other insurance service expenses	1,250,967	182,000	1,432,967
Changes that relate to past service	1,072,755	(387,000)	685,755
Insurance service expenses	**2,323,722**	**(205,000)**	**2,118,722**
Insurance service result before reinsurance contracts held	**2,323,722**	**(205,000)**	**2,118,722**
Finance expense from insurance contracts issued	109,000	**-**	**109,000**
Net insurance financial result	**109,000**	**-**	**109,000**
Total amounts recognised in statement of profit or loss	**2,432,722**	**(205,000)**	**2,227,722**
Claims and other directly attributable expenses paid	(1,902,866)	**-**	**(1,902,866)**
Total cash flows	**(1,902,866)**	**-**	**(1,902,866)**
At 31 December 2023	**3,131,119**	**1,311,000**	**4,442,119**
Incurred claims and other insurance service expenses	2,577,913	257,000	2,834,913
Changes that relate to past service	169,701	(218,000)	(48,299)
Insurance service expenses	**2,747,614**	**39,000**	**2,786,614**
Insurance service result before reinsurance contracts held	**2,747,614**	**39,000**	**2,786,614**
Finance expense from insurance contracts issued	27,000	**-**	27,000
Net insurance financial result	**27,000**	**-**	**27,000**
Total amounts recognised in statement of profit or loss	**2,774,614**	**39,000**	**2,813,614**
Claims and other directly attributable expenses paid	(2,670,004)	**-**	(2,670,004)
Total cash flows	**(2,670,004)**	**-**	**(2,670,004)**
At 31 December 2024	**3,235,729**	**1,350,000**	**4,585,729**

20 Insurance liabilities and reinsurance assets (continued)

Maturity analysis for insurance and reinsurance contract liabilities (present value of future cash flows basis)

The following table summarises the maturity profile of portfolios of insurance contracts issued that are liabilities and portfolios of reinsurance contracts held that are liabilities of the Company based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented.

				2024			
In £000	**Up to 1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**>5 years**	**Total**
Property	1,402	342	146	59	48	49	**2,046**
Liability	141	100	93	92	86	678	**1,190**
TOTAL	**1,543**	**442**	**239**	**151**	**134**	**727**	**3,236**

				2023			
In £000	**Up to 1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**>5 years**	**Total**
Property	1,117	327	140	58	36	31	**1,708**
Liability	158	183	127	112	103	739	**1,423**
TOTAL	**1,275**	**510**	**267**	**171**	**139**	**770**	**3,131**

iii) Reconciliation of the asset for remaining coverage
Reinsurance contracts held

	Excluding loss recovery component £	**Loss recovery component £**	**Total £**
At 1 January 2023	2,256,568	-	**2,256,568**
Allocation of reinsurance premiums	(4,095,298)	-	**(4,095,298)**
Net expense/(income) from reinsurance contracts	**(4,095,298)**	-	**(4,095,298)**
Total amounts recognised in statement of profit or loss	**(4,095,298)**	-	**(4,095,298)**
Premiums paid	4,150,004		**4,150,004**
Total cash flows	**4,150,004**	-	**4,150,004**
At 31 December 2023	**2,311,273**	-	**2,311,273**
Allocation of reinsurance premiums	(4,209,063)	-	**(4,209,063)**
Net expense/(income) from reinsurance contracts	**(4,209,063)**	-	**(4,209,063)**
Total amounts recognised in statement of profit or loss	**(4,209,063)**	-	**(4,209,063)**
Premiums paid	4,655,574		**4,655,574**
Total cash flows	**4,655,574**	-	**4,655,574**
At 31 December 2024	**2,757,784**	-	**2,757,784**

20 Insurance liabilities and reinsurance assets (continued)

iv) Reconciliation of the asset for incurred claims

Reinsurance contracts held

	Estimates of present value of future cash flows £	Risk adjustment for non-financial risk £	Total £
At 1 January 2023	**2,338,763**	**728,000**	**3,066,763**
Recoveries of incurred claims and other insurance service expenses	1,109,274	182,000	**1,291,274**
Changes that relate to past service	1,201,255	(126,000)	**1,075,255**
Net expense/(income) from reinsurance contracts	**2,310,529**	**56,000**	**2,366,529**
Finance income from reinsurance contracts held	120,000	-	**120,000**
Net insurance financial result	**120,000**	-	**120,000**
Total amounts recognised in statement of profit or loss	**2,430,529**	**56,000**	**2,486,529**
Amounts received	(1,889,673)	-	**(1,889,673)**
Total cash flows	**(1,889,673)**	-	**(1,889,673)**
At 31 December 2023	**2,879,619**	**784,000**	**3,663,619**
Recoveries of incurred claims and other insurance service expenses	2,353,575	257,000	**2,610,575**
Changes that relate to past service	178,701	(286,000)	**(107,299)**
Net expense/(income) from reinsurance contracts	**2,532,276**	**(29,000)**	**2,503,276**
Finance income from reinsurance contracts held	34,000	-	**34,000**
Net insurance financial result	**34,000**	-	**34,000**
Total amounts recognised in statement of profit or loss	**2,566,276**	**(29,000)**	**2,537,276**
Amounts received	(2,462,166)	-	**(2,462,166)**
Total cash flows	**(2,462,166)**	-	**(2,462,166)**
At 31 December 2024	**2,983,729**	**755,000**	**3,738,729**

20 Insurance liabilities and reinsurance assets (continued)

(v) Reserving methodology

Reserving for non-life insurance claims is a complex process and the Company adopts recognised actuarial methods and, where appropriate, other calculations and statistical analysis. Actuarial methods used include the chain ladder, Bornhuetter-Ferguson and average cost methods.

Chain ladder methods extrapolate paid amounts, incurred amounts (paid claims plus case estimates) and the number of claims or average cost of claims, to ultimate claims based on the development of previous years. This method assumes that previous patterns are a reasonable guide to future developments. Where this assumption is felt to be unreasonable, adjustments are made or other methods such as Bornhuetter-Ferguson or average cost are used. The Bornhuetter-Ferguson method places more credibility on expected loss ratios for the most recent loss years. For smaller portfolios the materiality of the business and data available may also shape the methods used in reviewing reserve adequacy.

The selection of results for each accident year and for each portfolio depends on an assessment of the most appropriate method. Sometimes a combination of techniques is used. The average weighted term to payment is calculated separately by class of business and is based on historical settlement patterns.

20 Insurance liabilities and reinsurance assets (continued)

(vi) Confidence level of risk adjustment

To reflect the uncertain nature of the outcome of the ultimate settlement cost of claims, an uncertainty margin is added to the best estimate. The addition for uncertainty is assessed using actuarial methods including the Mack method and Bootstrapping techniques, based on at least the 75th percentile confidence level. For smaller reserving classes, where these methods cannot be applied, provisions are calculated at a level intended to provide an equivalent probability of sufficiency. Where the standard methods cannot allow for changing circumstances, additional uncertainty margins are added and are typically expressed as a percentage of liabilities for incurred claims. From time to time, management may elect to select an additional margin to reflect short-term uncertainty driven by specific events that are not in data. This approach generally results in a favourable release of provisions in the current financial year, arising from the settlement of claims relating to previous financial years, as shown in part (ii) and (iv) of the note.

(vii) Calculation of provisions for latent claims

The Company adopts commonly used industry methods including those based on claims frequency and severity and benchmarking.

(viii) Discounting

	Discount rate		Mean term of discounted liabilities (years)	
Geographical territory	**2024**	**2023**	**2024**	**2023**
UK	4.6% to 6.2%	4.0% to 5.3%	7.5	7.5

The above rates of interest are based on government bond yields of the relevant currency and term at the reporting date. Adjustments are made, where appropriate, to reflect the illiquidity of the liabilities. The illiquidity premium is determined by reference to observable market rates. At the year end the undiscounted liabilities for incurred claims was £5,542,729 (2023: £5,286,119).

The impact of discount rate changes on the liabilities for incurred claims is presented within the net insurance financial result (note 7).

At 31 December 2024, it is estimated that a fall of 1% in the discount rates used would increase the Company's net liabilities for incurred claims and decrease profit before tax and equity by £51,000 (2023: £49,000). Financial investments backing these liabilities are not hypothecated across general insurance classes of business.

(ix) Assumptions

The Company follows a process of reviewing its reserves for liabilities for incurred claims on a regular basis. This involves an appraisal of each reserving class with respect to ultimate claims liability for the recent exposure period as well as for earlier periods, together with a review of the factors that have the most significant impact on the assumptions used to determine the reserving methodology. The work conducted is subject to an internal peer review and management sign-off process.

The most significant assumptions in determining the undiscounted general insurance reserves are the anticipated number and ultimate settlement cost of claims, and the extent to which reinsurers will share in the cost. Factors which influence decisions on assumptions include legal and judicial changes, significant weather events, other catastrophes, subsidence events, exceptional claims or substantial changes in claims experience and developments in older or latent claims. Significant factors influencing assumptions about reinsurance are the terms of the reinsurance treaties, the anticipated time taken to settle a claim and the incidence of large individual and aggregated claims.

20 Insurance liabilities and reinsurance assets (continued)

(x) Changes in assumptions

There are no significant changes in approach but we continue to evolve estimates in light of underlying experience.

(xi) Sensitivity of results

The ultimate amount of claims settlement is uncertain and the Company's aim is to reserve to at least the 75th percentile confidence level. The following table illustrates the sensitivity to changes in the level of claims in the principal segments of the business.

If final settlement of insurance claims reserved for at the year end turns out to be 10% higher or lower than the reserves included in these financial statements, the following pre-tax Company loss or profit will be realised:

	2024		2023	
	Gross £	Net £	Gross £	Net £
Liability	140,000	140,000	130,000	130,000
Property	240,000	140,000	200,000	120,000

(xii) Claims development tables

The nature of insurance business is that claims may take a number of years to settle and before the final liability is known. The following table shows the development of the estimate of ultimate gross claims cost. Net liability for the periods covered in the table is zero as all business in these periods is 100% reinsured. A net liability remains in respect of earlier periods.

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Estimate of ultimate claims:											
At end of year	1,425	1,105	1,571	1,904	920	1,137	1,656	1,629	1,724	2,824	
One year later	1,109	991	1,048	1,819	659	926	1,489	1,969	1,697		
Two years later	954	950	983	1,767	624	1,018	1,415	1,900			
Three years later	942	849	949	1,793	588	1,002	1,430				
Four years later	944	874	950	1,740	597	979					
Five years later	945	864	946	1,733	599						
Six years later	947	863	938	1,732							
Seven years later	943	855	938								
Eight years later	935	855									
Nine years later	935										
Current estimate of ultimate claims	935	855	938	1,732	599	979	1,430	1,900	1,697	2,824	13,889
Cumulative payments to date	(893)	(814)	(897)	(1,691)	(548)	(920)	(1,365)	(1,723)	(1,176)	(839)	(10,866)
Outstanding liability	42	41	41	41	51	59	65	177	521	1,985	3,023

Effect of Discounting	(351)
Present Value	2,672
Discounted liability in respect of earlier years	1,914
Total discounted gross liability	4,586
Reinsurers' share of contract provisions	(3,739)
Total discounted net liability included in insurance liabilities in the statement of financial position	847

21 Other payables

	2024 £	2023 £
Other creditors	**140,615**	316,994
Amounts owed to related parties - Subsidiaries	**1,996**	1,996
Accruals and deferred income	**214,320**	185,167
	356,931	504,157
Current	**354,935**	502,161
Non-current	**1,996**	1,996

The above carrying amounts are a reasonable approximation of fair value.

Subsidiaries are Baptist Insurance Services Ltd and Baptist Support Services Ltd.

Other creditors included the permanent interest-bearing capital of £147,850 in the comparative year. This has been accounted for as 'permanent interest-bearing capital' in the statement of financial position in the current year.

22 Related party transactions

The Company has a reinsurance treaty with EIO whereby all business accepted by the Company is fully reinsured with EIO with the exception of terrorism cover which is reinsured through a third party, Pool Re. Reinsurance premiums are accounted for at the time the business is written by the Company. The Company's and the reinsurers' share of claims are recognised at the time the claims are notified or earlier by way of a liability for incurred claims.

22 Related party transactions (continued)

The Company operates a Joint Administration Agreement with EIO under which all administration expenses are borne by EIO.

During the year the Company ceded premiums net of claims paid and commissions to the value of £1,929,880 (2023: £2,840,262) to EIO, which also bore expenses of the Company's business of £1,338,827 (2023: £1,300,713). The reinsurer's share of technical provisions due from EIO as at 31 December 2024 is £6,131,519 (2023: £5,535,584), which consists of £2,332,771 (2023: £2,275,866) of assets for remaining coverage and £3,798,748 (2023: £3,259,988) of assets for incurred claims. At 31 December 2024, £130,627 was due to EIO (2023: £480,040 due to EIO).

Recipients of grants are proposed by the grants committee, and ratified by the Board.

Transactions and services with related parties are made on commercial terms.

At 31 December 2024, £998 was due to Baptist Insurance Services Limited (2023: £998) and £998 due to Baptist Support Services Ltd (2023: £998).

23 Subsidiary undertakings

The Company's interest in subsidiary undertakings at 31 December 2024 is as follows:

	Share Capital	Holding
Baptist Support Services Limited	Ordinary shares	99.8%
Baptist Insurance Services Limited	Ordinary shares	99.8%

The Company is the controlling party of both subsidiaries which are incorporated in England and Wales, are dormant, having not traded since incorporation, and are not material to the Company's accounts. Their registered office is the same as the Company's address as noted on page 3.

Appendix 1: Reconciliation of Alternative Performance Measures

The Company uses alternative performance measures (APMs) in addition to the figures which are prepared in accordance with IFRS. The financial measures in our key financial performance data include gross written premiums and the COR. These measures are commonly used in the industries we operate in and we believe they provide useful information and enhance the understanding of our results.

Users of the accounts should be aware that similarly titled APM reported by other companies may be calculated differently. For that reason, the comparability of APM across companies might be limited.

The tables below provide a reconciliation of the gross written premiums, net written premiums and the combined operating ratio to their most directly reconcilable line items in the financial statements.

		2024 £
Gross written premiums		4,291,740
Change in the gross unearned premium provision		(56,905)
Instalment Handling Charge		40,643
Insurance revenue	[1]	**4,275,478**
Net written premiums		-
Outward reinsurance premiums written		4,291,740
Change in the gross unearned premium provision		(56,905)
Instalment Handling Charge		40,643
Insurance revenue	[1]	**4,275,478**

		2024				
		General insurance	Investment return	Corporate costs	Other income and charges	**Total**
		£	£	£	£	**£**
Revenue						
Insurance Revenue	[1]	4,275,478	-	-	-	**4,275,478**
Insurance service expenses		(2,803,180)	-	-	-	**(2,803,180)**
Insurance service result before reinsurance contracts held		1,472,298	-	-	-	**1,472,298**
Net expense from reinsurance contracts		(1,705,787)	-	-		**(1,705,787)**
Insurance service result		(233,489)	-	-	-	**(233,489)**
Net insurance financial result		-	7,000	-	-	**7,000**
Net investment result		-	820,396	-	-	**820,396**
Other operating expenses		(156,786)	(4,464)	(70,162)	(203,338)	**(434,750)**
Other finance costs		-	-	-	(7,328)	**(7,328)**
(Loss)/profit before tax	[2]	**(390,274)**	**822,932**	**(70,162)**	**(210,666)**	**151,831**

Appendix 1: Reconciliation of Alternative Performance Measures (continued)

Reconciliation to gross earned premiums		**2024 £**
Insurance Revenue	[1]	**4,275,478**
Change in the gross unearned premium provision		56,905
Instalment Handling Charge		(40,643)
Gross earned premiums	[3]	**4,291,740**
Gross combined operating ratio = ([3] - [2]) / [3]		**109.1%**

The Company uses gross combined operating ratio as a measure of underwriting efficiency. The COR expresses the total of net claims costs, commission and underwriting expenses as a percentage of gross earned premiums. It is calculated as ([3] - [2]) / [3].

Reconciliation to underwriting result	**2024 £**
Net written premiums	-
Net incurred claims	(80,000)
Net commission	9,207
Company expenses	(273,500)
Underwriting result	**(344,293)**
Corporate costs	70,161
Instalment charges	40,643
Insurance service result	**(233,489)**

		2023 £
Gross written premiums		4,167,388
Change in the gross unearned premium provision		(52,990)
Instalment Handling Charge		38,547
Insurance revenue	[1]	**4,152,945**
Net written premiums		-
Outward reinsurance premiums written		4,167,388
Change in the gross unearned premium provision		(52,990)
Instalment Handling Charge		38,547
Insurance revenue	[1]	**4,152,945**

Appendix 1: Reconciliation of Alternative Performance Measures (continued)

		2023				
		General insurance	Investment return	Corporate costs	Other income and charges	**Total**
		£	£	£	£	**£**
Revenue						
Insurance Revenue	[1]	4,152,945	-	-	-	**4,152,945**
Insurance service expenses		(2,134,293)	-	-	-	**(2,134,293)**
Insurance service result before reinsurance contracts held		2,018,652	-	-	-	**2,018,652**
Net expense from reinsurance contracts		(1,728,770)	-	-		**(1,728,770)**
Insurance service result		289,883	-	-	-	**289,883**
Net insurance financial result		-	11,000	-	-	**11,000**
Net investment result		-	948,372	-	-	**948,372**
Other operating expenses		(70,292)	(5,052)	(59,640)	(226,929)	**(361,913)**
Other finance costs		-	-	-	(7,328)	**(7,328)**
Profit before tax	[2]	**219,591**	**954,319**	**(59,640)**	**(234,257)**	**880,013**

Reconciliation to gross earned premiums		**2023 £**
Insurance Revenue	[1]	**4,152,945**
Change in the gross unearned premium provision		52,990
Instalment Handling Charge		(38,547)
Gross earned premiums	[3]	**4,167,388**
Gross combined operating ratio = ([3] - [2]) / [3]		**94.7%**

	2023 £
Net written premiums	-
Net incurred claims	256,500
Net commission	221,765
Company expenses	(286,569)
Underwriting result	**191,696**
Corporate costs	59,640
Instalment charges	38,547
Insurance service result	**289,883**

Annual Report and Accounts

31 December 2024
The Baptist Insurance Company Plc

BaptistInsurance
Experts in church and home insurance

03/25