Registered in England and Wales Number: 00256100

OIC Run-Off Limited
(in Scheme of Arrangement)

Annual Report and Financial Statements
31 December 2024

Registered Office:
PricewaterhouseCoopers LLP
8th Floor, Central Square
29 Wellington Street
Leeds
West Yorkshire
United Kingdom
LS1 4DL

Contents

Directors:
D.Y. Schwarzmann
D.N. Rackham

Company secretary:
D.Y. Schwarzmann

Registered office:
8th Floor, Central Square
29 Wellington Street
Leeds
West Yorkshire
United Kingdom
LS1 4DL

Independent auditor:
Blick Rothenberg Audit LLP
16 Great Queen Street
Covent Garden
London
WC2B 5AH

Scheme Administrators:
D.Y. Schwarzmann
D.N. Rackham
PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

Solicitors:
Hogan Lovells International LLP
Atlantic House
Holborn Viaduct
London
EC1A 2FG

Bankers:
Barclays Bank PLC
1 Churchill Place
London
E14 5HP

The Directors present their Group Strategic Report on OIC Run-Off Limited (in Scheme of Arrangement) ("the Company") for the year ended 31 December 2024.

Review of the Business

The Company no longer underwrites business. Its principal activity is the run-off of general insurance and reinsurance business.

The Company and its subsidiary company, The London and Overseas Insurance Company Limited (in Scheme of Arrangement) ("L&O") (together "the Group") wrote non-life insurance and reinsurance business predominantly in the UK market. It ceased underwriting activities on 30 September 1992 but continues to run-off its insurance operation.

As a consequence of deterioration on claims reserves, the Group's parent company provided funding for claims payments from 15 December 1993 until 21 October 1994, when the Group was placed under the control of Joint Provisional Liquidators.

As described in Note 15(d), on 30 June 1995 the Group entered into an arrangement with its parent, Nationale–Nederlanden Overseas Finance And Investment Company Unlimited ("NNOFIC") whereby certain claims payments have been made in full. As at the statement of financial position date, total claims paid under this arrangement, when translated into US Dollars, amounted to US$346,783,000 (2023: US$347,168,000).

The Group entered into a scheme of arrangement ("Original Scheme") with effect from 7 March 1997. An amending scheme of arrangement ("Amending Scheme") came into effect from 14 January 2016. The United States Bankruptcy Court granted an order recognising and enforcing the Amending Scheme in the United States of America on 11 January 2016. The bar date for the final submission of all claims subject to the crystallisation provisions of the Amending Scheme was 12 September 2016 and all submitted claims have now been agreed. Certain groups of creditors were excluded from the crystallisation provisions of the Amending Scheme and are able to continue bringing claims against the Group in the normal course of business. This includes creditors eligible to claim in respect of the Post Bar Date Provision and the Post Bar Date Individual Provision. The bar date for such claims is 31 December 2035. It also includes the Opt Out Qualifying ILU Policyholders. A final scheme of arrangement ("Final Scheme") came into effect on 29 May 2025. This established a bar date of 31 December 2035 for the final submission of all claims of Opt Out Qualifying ILU Policyholders. As a result, the final submission of all residual claims against the Group must be made before 31 December 2035.

A final distribution to creditors with crystallised claims was delayed due to various uncertainties including in relation to tax. A proposal has been developed, in conjunction with key stakeholders, to facilitate an earlier final distribution than would otherwise be possible by way of an Early Final Dividend Offer. This offer was made to eligible creditors in July 2025.

Results
The results of the Group for the year, as set out on pages 11 to 12, show a loss after taxation of US$1,182,000 (2023: loss of US$1,633,000). The Group deficit is US$356,097,000 (2023: US$354,915,000).

Future development and strategy
The Group continues to run-off the remaining business that was not subject to the crystallisation process set out in the Amending Scheme as prescribed by the Amending Scheme.

As mentioned on page 2, the Scheme Administrators have made an Early Final Dividend Offer to accelerate payments to the general body of creditors with crystallised claims to reduce the otherwise lengthy and costly ultimate wind down of the Group's estate. Further information is available on the Group's website.

Paragraph 3.8 of FRS 102 states that an entity is a going concern unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. On the basis that the Amending Scheme states that the Group companies will be liquidated following completion of final dividend payments to creditors, these accounts are prepared on a break up basis.

Principal risks and uncertainties
The Group has entered into the Original Scheme, the Amending Scheme and the Final Scheme and had a consolidated net deficit of US$356,097,000 (2023: US$354,915,000) as at the statement of financial position date.

The Group is exposed to financial risk, through its financial assets, financial liabilities and technical provisions. The most important components of these risks are timing and valuation risk in relation to technical provisions and currency and credit and liquidity risk in relation to financial assets. The Group manages these risks by:

- Determining the ultimate value and timing of future claims (and associated claims handling expenses) to be met by the Group under the terms of the Amending Scheme and through the implementation of the Final Scheme;

- Appointing specialist claims handlers and debt collection services to perform the day-to-day monitoring of its insurance liabilities and to maximise the value from remaining reinsurance balances;

- Reviewing cash flow requirements to ensure its liquidity needs are met; and

- Matching foreign currency liabilities with corresponding currency assets to minimise the impact of movements in foreign exchange rates.

Section 172 Statement

The Directors of the Group must act in accordance with a set of general duties. These duties are detailed in Section 172 of the Companies Act 2006 and include a duty to take into consideration the interests of stakeholders in their decision making. The Directors continue to have regard to the interests of the stakeholders associated with the Group, including creditors and regulators as well as the impact of its activities on the community, the environment, and the Group's reputation, when making decisions.

The Directors, through the appointment of the Joint Scheme Administrators, assess and consider how to ensure that the orderly management of the run-off continues both now and in the future, and that associated risks are identified and managed. This is achieved through consultation with the Creditors' Committee, established in accordance with the Amending Scheme, and other professional advisors including specialist tax, actuarial and legal advisors. In addition, whilst the Group has no direct employees of its own, a specialist run-off manager is engaged to undertake the day-to-day management of the Group's activities and the Directors rely on key staff members providing services to the Group as part of this arrangement. The Group monitors the performance of its third-party service provider through regular dialogue to develop and maintain a strong long-term relationship and to ensure that they act in accordance with the duties imposed on the Directors. Management reports are prepared and issued to the Creditors' Committee on an annual basis, copies of which are made available to regulators. An external website is maintained and updated with key information and news when appropriate.

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

Douglas Nigel Rackham

D.N. Rackham
Director

11 December 2025

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

Future developments
Likely future developments in the business are discussed in the Group Strategic Report.

Financial risk management
Financial risk management objectives and policies are discussed in the Group Strategic Report.

Directors
The names of the current Directors are listed on page 1. There were no changes to the Directors holding office during the year or following year end.

Employees
The Group has no employees.

Disclosure of relevant information to auditors
Each of the persons who is a Director, at the date of this report, confirms that:

- as far as each of them is aware, there is no information relevant to the audit of the Group's financial statements for the year ended 31 December 2024 of which the auditors are unaware; and
- the Directors have taken all steps that they ought to have taken in their duty as Directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Independent Auditors
On 1 April 2025, Greenback Alan LLP, the Group's auditor, was acquired by Blick Rothenberg Audit LLP, and operations have since been conducted under Blick Rothenberg Audit LLP brand. The engagement is considered continuous and this will mark their fourth consecutive year of auditing the financial statements. Blick Rothenberg, have indicated their willingness to continue in office.

Statement of Directors' responsibilities
The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

Statement of Directors' responsibilities (continued)

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

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

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

Douglas Nigel Rackham

D.N. Rackham
Director

11 December 2025

Qualified opinion

We have audited the financial statements of OIC Run-Off Limited (the "parent Company") and its subsidiary (the "Group") for the year ended 31 December 2024, which comprise:

- the Consolidated Income Statement: Technical Account – General Business;
- the Consolidated Income Statement: Non-technical Account;
- the Consolidated Statement of Financial Position;
- the Statement of Financial Position of the parent Company;
- the Consolidated Statement of Changes in Equity;
- the Statement of Changes in Equity of the parent Company;
- the Consolidated Statement of Cash Flows; and
- the notes to the financial statements, including significant accounting policies.

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

In our opinion, except for the effects of the matter described in the Basis for qualified opinion section, the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

As explained in Note 4l, the financial statements do not provide the disclosure required by United Kingdom Accounting Standards in respect of the analysis of debtors and creditors between reinsurance and direct business. The Group and the parent Company have not complied fully with this disclosure requirement. Consequently, in respect of these matters the Group and the parent Company have not complied with United Kingdom Generally Accepted Accounting Practice.

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 Group and the parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, 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 qualified opinion.

Emphasis of matter

Technical provisions and significant uncertainties

We draw attention to Notes 4f(iii) and 5 in the financial statements, concerning the uncertain outcome surrounding the ultimate cost of claims, which now solely relates to creditors whose claims were not crystallised in accordance with the Amending Scheme.

The claims of these creditors, which include environmental pollution and asbestos claims, will be run off in the normal course of business in accordance with the provisions of the Amending Scheme and the Final Scheme.

The ultimate outcome of this matter cannot presently be determined, but this matter gives rise to significant uncertainties and their resolution may result in material, but presently unquantifiable, adjustments to the financial statements as presented. Adjustments to the amounts of technical provisions and related creditors are reflected in the financial statements for the period in which the adjustments are made.

Basis of preparation
We draw attention to Note 4b of the financial statements. The Company is not a going concern and the directors do not consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in Note 4b.

Our opinion is not modified in respect of these matters.

Other information
The other information comprises the information 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 our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the 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 Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters where 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 by branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of the directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 5 and 6, 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 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 Group's and the parent 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 Group or the parent 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained a general understanding of the Group and the parent Company's legal and regulatory framework through enquiry of management concerning: their understanding of relevant laws and regulations; the entity's policies and procedures regarding compliance; and how they identify, evaluate and account for claims. We also drew on our existing understanding of the Group and the parent Company's industry and regulation.

We understand that the Group and the parent Company comply with the framework through having in place robust procedures and policies that are developed with and monitored by the scheme administrators and by outsourcing and taking additional professional legal, tax, actuarial and accounting advice on relevant specialist functions and areas including the preparation of financial statements and corporate tax compliance.

In the context of the audit, we considered those laws and regulations: which determine the form and content of the financial statements; which are central to the Group and the parent Company's ability to conduct its business; and where failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the Group and the parent Company:

- The Companies Act 2006, FRS 102, FRS 103, UK corporate tax laws.

The senior statutory auditor led a discussion with all members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. The areas identified in this discussion were:

- Manipulation or error in the technical provisions that often entail a significant degree of judgement;
- Manipulation or error in the creditors;
- Manipulation or error in the investments leading to over-valuation at the year-end date.

The procedures we carried out to gain sufficient appropriate audit evidence in the above areas included:

- Performing substantive testing on appropriate samples, and investigating any discrepancies identified;
- Interrogating the technical provisions as at the statement of financial position date for accuracy of data, assumptions, methodologies, and calculations, and investigating any discrepancies;
- Reviewing the financial statement disclosures and testing to supporting documentation;
- Documenting the assumptions and judgements made by management in their significant accounting estimates and challenging these with management;
- Identifying and testing journal entries, in particular those around year end, and involving unusual postings, account combinations, or amounts.

Overall, the senior statutory auditor was satisfied that the engagement team collectively had the appropriate competence and capabilities to identify or recognise irregularities. In particular, both the senior statutory auditor and the audit manager have a number of years' experience in dealing with similar companies that prepare accounts under FRS 102 and FRS 103.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

This report is made solely to the Group'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 Group's members those matters we are required to state to them in an auditors' 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 Group and the Group's members as a body, for our audit work, for this report, or for the opinions we have formed.

I Rowe

Ian Rowe (Senior statutory auditor)

For and on behalf of
Blick Rothenberg Audit LLP

Chartered Accountants
Statutory Auditor

16 Great Queen Street
Covent Garden
London
WC2B 5AH

12 December 2025

OIC Run-Off Limited (in Scheme of Arrangement)
Consolidated Income Statement: Technical Account – General Business
Year ended 31 December 2024

	Notes	2024 US$'000	2023 US$'000
Earned premiums, net of reinsurance			
Gross premiums written		-	-
Outward reinsurance premiums		-	-
Earned premiums, net of reinsurance		-	-
Claims incurred, net of reinsurance			
Gross claims paid		(229)	(304)
Change in outstanding claims agreed		(233)	332
Gross claims agreed		(462)	28
Reinsurance recoverable		53	-
Net Claims Agreed		(409)	28
Change in technical provisions			
Gross amount		811	689
Reinsurers' share		-	-
Change in net technical provisions		811	689
Claims incurred, net of reinsurance		402	717
Net operating expenses	7a	(8,554)	(7,022)
Balance on the technical account – general business		(8,152)	(6,305)

The Notes on pages 18 to 31 form part of these financial statements.

OIC Run-Off Limited (in Scheme of Arrangement)
Consolidated Income Statement: Non-technical Account
Year ended 31 December 2024

	Notes	2024 US$'000	2023 US$'000
Balance on the technical account – general business		(8,152)	(6,305)
Investment income	9	6,183	5,949
Other income		12	138
Foreign currency exchange differences	7a	775	(1,415)
Loss before taxation		(1,182)	(1,633)
Tax on loss	10	-	-
Loss for the financial year		(1,182)	(1,633)

The Group has no recognised gains or losses for the current and preceding year other than those which are included in the income statement. Accordingly, no statement of comprehensive income is presented.

The loss for the financial year in the financial statements of the Company was US$4,930,000 (2023: loss of US$6,676,000). As permitted by section 408 of the Companies Act 2006, no separate income statement is presented in respect of the Company.

The Notes on pages 18 to 31 form part of these financial statements.

All results were derived from continuing operations.

OIC Run-Off Limited (in Scheme of Arrangement)
Consolidated Statement of Financial Position
Year ended 31 December 2024

	Notes	2024 US$'000	2023 US$'000
ASSETS			
Investments			
Other financial investments	14	110,902	112,805
Reinsurers' share of technical provisions	12	-	-
Debtors			
Debtors arising out of direct insurance and reinsurance operations	4l	1,001	1,001
Other debtors		202	166
		1,203	1,167
Other assets			
Cash at bank		4,736	6,406
Accrued income		733	664
Total assets		117,574	121,042
LIABILITIES AND EQUITY			
Capital and reserves			
Called up share capital	11	85,250	85,250
Share premium		46,500	46,500
Non-distributable reserves		1,938	1,938
Accumulated losses		(489,785)	(488,603)
Equity shareholders' deficit		(356,097)	(354,915)
Technical provisions	4f(iii),12	5,636	6,447
Creditors			
Creditors arising out of direct insurance and reinsurance operations (including claims agreed)	4l	238,964	239,266
Amounts due to group companies	15	228,065	228,591
Trade creditors		204	265
Other creditors		30	-
		467,263	468,122
Accrued expenses		772	1,388
Total liabilities and equity		117,574	121,042

The financial statements of OIC Run-Off Limited (in Scheme of Arrangement), registered number 00256100, were approved by the Board of Directors on 11 December 2025 and were signed on its behalf by:

Douglas Nigel Rackham

D.N. Rackham
Director

The Notes on pages 18 to 31 form part of these financial statements.

	Notes	2024 US$'000	2023 US$'000
ASSETS			
Investments			
Investments in subsidiary undertakings	13	-	-
Other financial investments	14	29,548	33,204
Reinsurers' share of technical provisions	12	-	-
Debtors			
Debtors arising out of direct insurance and reinsurance operations	4l	823	823
Other debtors		192	157
		1,015	980
Other assets			
Cash at bank		2,248	6,167
Accrued income		88	374
Total assets		32,899	40,725
LIABILITIES AND EQUITY			
Capital and reserves			
Called up share capital	11	85,250	85,250
Share premium		46,500	46,500
Accumulated losses		(605,444)	(600,514)
Equity shareholders' deficit		(473,694)	(468,764)
Technical provisions	12	5,636	6,447
Creditors			
Creditors arising out of direct insurance and reinsurance operations (including claims agreed)	4l	238,964	239,266
Amounts due to group companies	15	260,987	262,123
Trade creditors		204	265
Other creditors		30	-
		500,185	501,654
Accrued expenses		772	1,388
Total liabilities and equity		32,899	40,725

The financial statements of OIC Run-Off Limited (in Scheme of Arrangement), registered number 00256100, were approved by the Board of Directors on 11 December 2025 and signed on their behalf by:

Douglas Nigel Rackham

D.N. Rackham
Director

The Notes on pages 18 to 31 form part of these financial statements.

OIC Run-Off Limited (in Scheme of Arrangement)
Consolidated Statement of Changes in Equity
Year ended 31 December 2024

	Called-up share capital US$'000	Share premium US$'000	Non-distributable reserve US$'000	Accumulated losses US$'000	Total deficit US$'000
Balance as at 1 January 2023	85,250	46,500	1,938	(486,970)	(353,282)
Changes in equity					
Loss for the year	-	-	-	(1,633)	(1,633)
Total comprehensive loss	-	-	-		
Balance as at 31 December 2023	85,250	46,500	1,938	(488,603)	(354,915)
Changes in equity					
Loss for the year	-	-	-	(1,182)	(1,182)
Total comprehensive loss	-	-	-		
Balance as at 31 December 2024	85,250	46,500	1,938	(489,785)	(356,097)

The Notes on pages 18 to 31 form part of these financial statements

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OIC Run-Off Limited (in Scheme of Arrangement)
Statement of Changes in Equity of the Company
Year ended 31 December 2024

	Called-up share capital US$'000	Share premium US$'000	Accumulated losses US$'000	Total deficit US$'000
Balance as at 1 January 2023	85,250	46,500	(593,838)	(462,088)
Changes in equity				
Loss for the year	-	-	(6,676)	(6,676)
Total comprehensive loss	-	-	(6,676)	(6,676)
Balance as at 31 December 2023	85,250	46,500	(600,514)	(468,764)
Changes in equity				
Loss for the year	-	-	(4,930)	(4,930)
Total comprehensive loss	-	-		
Balance as at 31 December 2024	85,250	46,500	(605,444)	(473,694)

The Notes on pages 18 to 31 form part of these financial statements.

	Notes	2024 US$'000	2023 US$'000
Cash outflow used in operating activities	1	(9,023)	(8,601)
Cash outflow from investing activities			
Interest received		5,976	5,788
Purchase of treasury bond		(22,379)	-
Net cash from investing activities		(16,403)	5,788
Cash (outflow used in) / inflow from financing activities			
(Decrease) / increase in amounts owed to NNOFIC		(526)	1,787
Net cash (used in) / from financing activities		(526)	1,787
Net decrease in cash and cash equivalents		(25,952)	(1,026)
Cash and cash equivalents at the beginning of the year		119,211	120,237
Cash and cash equivalents at the end of the year		93,259	119,211
Cash and cash equivalents consist of:			
Cash at bank and in hand		4,736	6,406
Other financial investments		88,523	112,805
		93,259	119,211

Notes to the Consolidated Statement of Cash Flows

1. Loss before taxation to cash outflow from operating activities

	2024 US$'000	2023 US$'000
Loss before taxation	(1,182)	(1,633)
Interest receivable	(6,183)	(5,949)
(Increase) / decrease in amounts due from debtors	(36)	172
(Decrease) / increase in amounts due to creditors other than NNOFIC	(333)	273
Decrease / (increase) in accrued income	138	(138)
Decrease in accrued expenses	(616)	(637)
Decrease in net technical provisions	(811)	(689)
Net cash outflow used in operating activities	(9,023)	(8,601)

The Notes on pages 18 to 31 form part of these financial statements.

1. General information

OIC Run-Off Limited (in Scheme of Arrangement) is a general insurance company in run-off in the UK. The Company is a private company limited by shares and is incorporated in England. The address of its registered office is 8th Floor, Central Square, 29 Wellington Street, Leeds, West Yorkshire, United Kingdom, LS1 4DL.

The Company no longer underwrites business. Its principal activity is the run-off of general insurance and reinsurance business.

2. Statement of Compliance

The financial statements of the Group and the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, ‘‘The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland’’ (‘‘FRS 102’’), Financial Reporting Standard 103, “Insurance Contracts” (“FRS 103”) and the Companies Act 2006.

The financial statements have been prepared on a break up basis as outlined in Note 4b and are subject to a number of uncertainties which are set out in Note 5.

3. Run-off of the business

The Group is in run-off having ceased all underwriting activities on 30 September 1992. The Group was placed into provisional liquidation on 21 October 1994 and entered into the Original Scheme with effect from 7 March 1997. The Amending Scheme became effective on 14 January 2016 and, with certain exceptions, creditors were required to submit their claims by the bar date, 12 September 2016. The Final Scheme came into effect on 29 May 2025 and set a bar date of 31 December 2035 for the final submission of all claims of Opt Out Qualifying ILU Policyholders. The Group’s policy is to provide for the administrative and claims handling costs of running off the business to the extent that they are expected to exceed future investment income. Meaningful segmental analysis is not available due to the run-off nature of the business.

4. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Basis of preparation

These financial statements are prepared under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements in conformity with FRS 102 and FRS 103 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

b. Break up basis

Paragraph 3.8 of FRS 102 states that an entity is a going concern unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. On the basis that clause 32.1 of the Amending Scheme states that the Group companies will be liquidated following completion of final dividend payments to creditors, these accounts are prepared on a break up basis.

c. Exemptions for qualifying entities under FRS102

FRS 102 allows a qualifying entity certain disclosure exemptions subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company’s shareholders.

The Company has taken advantage of the exemption from preparing a statement of cash flows under Section 1.12 of FRS 102 on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these statements, includes the Company’s cash flows.

4. Summary of significant accounting policies (continued)

d. Basis of consolidation

The consolidated income statement: technical account, consolidated income statement: non-technical account, consolidated statement of financial position, consolidated statement of changes in equity and consolidated statement of cash flows include the accounts of the Company and its subsidiary undertaking.

e. Foreign currency

The Group's financial statements are presented in US Dollars and rounded to thousands. The Group's functional currency is US Dollars. Foreign currency transactions are translated into the functional currency using the average exchange rate during the year. At each year-end foreign currency monetary items are translated using the closing year-end rate. For this purpose, all assets and liabilities arising from insurance contracts are monetary items.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the non-technical account.

The main relevant exchange rates are as follows:

	Year-end rates		Average rates	
	USD:GBP	USD:CAD	USD:GBP	USD:CAD
31 December 2023	1.2739	0.7573	1.2467	0.7414
31 December 2024	1.2520	0.6943	1.2776	0.7284

f. Insurance contracts

The Group is in run-off and no longer issues contracts of insurance.

(i) <u>Premiums</u>

Written premiums are stated gross of commissions payable to intermediaries and exclusive of taxes and duties levied on premiums.

Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct or inwards reinsurance business.

(ii) <u>Claims incurred</u>

Claims incurred comprise claims agreed, claims payments and external settlement expense payments made in the financial year and the movement in the provisions for outstanding claims and settlement expenses, including claims incurred but not reported ("IBNR"), net of salvage and subrogation recoveries.

Outwards reinsurance recoveries are accounted for in the same accounting period as the claims for the related direct or inwards reinsurance business being reinsured.

(iii) <u>Technical provisions</u>

All claims submitted in accordance with the Amending Scheme have now been agreed. Remaining technical provisions relate primarily to creditors whose claims were excluded from the crystallisation process of the Amending Scheme along with associated claims handling and administrative expenses. The ultimate liability of the Group in this respect remains uncertain. The ultimate cost to the Group has been managed in accordance with the arrangements prescribed by the Amending Scheme and the Final Scheme.

4. Summary of significant accounting policies (continued)

f. Insurance contracts (continued)

(iv) Reinsurance

Reinsurance assets include balances due from reinsurance companies. Reinsurance assets are measured consistently with the amounts associated with the underlying insurance contract and in accordance with the terms of the reinsurance contract. Reinsurance is recorded as an asset unless a right of set-off exists, in which case the associated liabilities are reduced to take account of reinsurance.

g. Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Differences between accumulated depreciation and tax allowances for the cost of a fixed asset, if and when all conditions for retaining the tax allowances have been met, are not provided for. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the statement of financial position date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

h. Investments – Subsidiary undertaking

In the Company’s accounts, shares in subsidiary undertakings are stated at cost less provisions for any impairment in value.

i. Cash and cash equivalents

Cash and cash equivalents comprise current account balances held with banks.

j. Provisions and contingencies

Provisions are recognised where the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

4. Summary of significant accounting policies (continued)

k. Financial instruments

The Group applied the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' of FRS 102 to all of its financial instruments.

Financial liabilities and equity instruments are classified and accounted for, according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the statement of financial position. Finance costs and gains or losses relating to financial liabilities are included in the income statement. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

l. Debtors and Creditors

Before the Group entered provisional liquidation, it derived its business from underwriting both direct insurance and inwards reinsurance. UK Accounting Standards require that the Group disclose amounts due to and from policyholders, intermediaries and reinsurers analysed between those arising from direct and reinsurance business.

In the past the Group has not maintained its accounting records in such a way as to make extraction of this information readily available, although this would be possible if sufficient time and resource were made available. As the Group is subject to the Original Scheme, the Amending Scheme and the Final Scheme, the Directors do not consider these disclosures to be material to the financial statements and have not given them on the grounds of the additional resource required to extract this information.

m. Investment return

All investment income is recognised in the non-technical account.

Investment income is comprised of interest on fixed interest securities, deposits with credit institutions and treasury bonds. Investment income is dealt with on an accruals basis.

Interest receivable and expenses incurred in the management of investments are accounted for on an accruals basis.

n. Financial investments

Purchases and sales of these investments are recognised at the trade date, which is the date that the Group commits to purchase or sell the assets, at fair value adjusted for transaction costs. The fair value of investments is based on quoted prices.

o. Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the Directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

5. Critical accounting judgements and key sources of estimation uncertainty

As described in Note 4f(iii), the financial statements of the Group and the Company reflect the following significant uncertainties:

a. The ultimate liability arising from claims made under insurance contracts

The remaining uncertainty with regards to the ultimate liability now solely relates to creditors whose claims were not crystallised in accordance with the Amending Scheme. The claims of these creditors, which include environmental pollution and asbestos claims, will be run-off in the normal course of business in accordance with the provisions of the Amending Scheme and the Final Scheme. The ultimate cost and timing of these claims to the Group is managed in accordance with the Amending Scheme and the Final Scheme.

Technical provisions, including a provision for incurred but not reported claims, amount to US$5,636,000 (2023: US$5,434,000) (Company: US$5,503,000 (2023: US$5,306,000)) net of reinsurance, and US$5,636,000 (2023: US$5,434,000) (Company: US$5,503,000 (2023: US$5,306,000)) gross of reinsurance, based on professional advice in relation to the Amending Scheme.

In total, the net amount included in respect of environmental pollution and asbestos claims in technical provisions is US$5,636,000 (2023: US$5,434,000) (Company: US$5,503,000 (2023: US$5,306,000)). The Group figures include US$133,000 (2023: US$128,000) in respect of the policyholder liabilities of a wholly owned insurance subsidiary assumed under an intra-group guarantee (see Note 12b).

b. Reinsurance recoveries and bad debt provision

Most reinsurance debtor balances have now either been realised, collected through set-off, or written-off. Amounts of US$1,001,000 (2023: US$1,001,000) (Company: US$823,000 (2023: US$823,000)) are included in debtors. These amounts are net of provisions against amounts due from reinsurers who may ultimately be unable to pay in full of US$2,048,000 (2023: US$2,048,000) (Company: US$1,743,000 (2023: US$1,743,000)).

There are no other balances subject to judgement or estimate.

6. Management of insurance and financial risk

Sources of uncertainty in the estimation of future claim payments

The sources of estimation uncertainty in establishing the ultimate liability arising from claims made under insurance contracts is discussed in Note 5.

Claims development

The Group is in run-off having ceased all underwriting activities on 30 September 1992 and entered into the Original Scheme with effect from 7 March 1997, the Amending Scheme with effect from 14 January 2016 and the Final Scheme with effect from 29 May 2025. Claims, arising from 1992 and prior years and as represented by technical provisions, excluding provision for future run-off expenses, have developed as follows:

As at 31 December	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Gross claim insurance liabilities	6,719	6,719	4,950	4,950	5,434	5,636
Gross recovery from reinsurers	-	-	-	-	-	-
Total net insurance liabilities	6,719	6,719	4,950	4,950	5,434	5,636

6. Management of insurance and financial risk (continued)

b. Financial risk management objectives

The Group is exposed to financial risk, through its financial assets, financial liabilities and technical provisions. The key financial risk is that proceeds from financial assets are insufficient to fund current and future claims. The most important components of these risks are; the timing and valuation risk in relation to technical provisions, and interest rate, currency, credit and liquidity risk in relation to financial assets.

The timing and valuation risk in relation to technical provisions has been mitigated by the Amending Scheme and the Final Scheme. Under the Amending Scheme, future claims (and associated claims handling and administrative expenses) relating to the groups of creditors that were not subject to the crystallisation process of the Amending Scheme that cannot be met by the provisions set aside for those claims (and expenses) in accordance with the Amending Scheme will either be funded by NNOFIC or, if they are not covered by the arrangements in place with NNOFIC, will not be paid. The Amending Scheme and the Final Scheme together establish bar dates for the final submission of all such claims to be made by 31 December 2035.

Currency risk
The Group manages its foreign exchange risk against its functional currency. Foreign exchange risk arises when recognised assets are denominated in a currency that is not the entity's functional currency. The Group seeks to mitigate the risk by matching the estimated liabilities with assets denominated in the same currency.

Liquidity risk
The Group holds cash and financial instruments of a liquid nature. Careful review of cash flow requirements ensures liquidity needs are met. Financial liabilities will settle in accordance with the terms of the Original Scheme, the Amending Scheme and the Final Scheme.

Credit risk
Credit risk is the risk that one party to a financial instrument or financial arrangement will fail to discharge an obligation and cause the other party to incur a financial loss. The assets exposed to credit risk are:

(i) Cash at bank;
(ii) Deposits with credit institutions; and
(iii) Reinsurance debtors

Funds held within (i) and (ii) are with institutions rated A or higher across an average of the major rating agencies.

Most reinsurance debtor balances have now either been realised, collected through set-off, or written-off.

Capital management

The Group's objectives in managing its statement of financial position are:

(i) To match the profile of its assets and liabilities, taking account of the risks inherent in the business;
(ii) To satisfy the requirements of its creditors and regulators; and
(iii) To manage exposures to movement in exchange rates.

7. Expenses

a. Operating (loss) / profit

Operating (loss) / profit is stated after charging / (crediting):

	2024 **US$'000**	2023 US$'000
Foreign exchange	(775)	1,415

Net operating expenses

Operating expenses have been charged directly to the technical account – general business:

	2024 **US$'000**	2023 US$'000
Management expenses	7,741	6,365
Bad debt expense	-	39
Compensatory payments	56	-
Irrecoverable VAT	757	618
Net operating expenses	8,554	7,022

Most reinsurance balances have now either been realised, collected through set-off, or written-off. The bad debt provision as at 31 December 2024 was US$2,048,000 (2023: US$2,048,000). Of this amount US$2,048,000 (2023: US$2,048,000) was provided within debtors arising out of direct insurance and reinsurance operations and is a general provision.

b. Auditors' remuneration

Included in management expenses are audit fees, excluding VAT, of:

	2024 **US$'000**	2023 US$'000
Company	47	46
L&O	26	25

Remuneration of the Group's auditor for provision of non-audit services to the Group was US$Nil (2023: US$Nil).

8. Employees and Directors

Employees
The Group incurs no staff costs, as throughout the current and prior financial years all staff dealing with the affairs of the Group were employed by an appointed run-off services provider, which was remunerated by a management fee. The current run-off manager is Hampden Plc.

Directors
The Directors holding office during the year, Messrs. D.Y. Schwarzmann, who was a partner in PricewaterhouseCoopers LLP as at 31 December 2024, and D.N. Rackham, who was a director in PricewaterhouseCoopers LLP as at 31 December 2024, received no remuneration from the Group in the current or prior year. P.A.B. Evans, who retired from OIC Run-Off Limited in the prior year and from the PricewaterhouseCoopers LLP partnership on 30 June 2007 also received no remuneration from the Group in the current or prior year. PricewaterhouseCoopers LLP are in receipt of fees for the provision of services to the Scheme Administrators as detailed in note 15(f) and also provide a guarantee in respect of the Early Final Dividend Offer as detailed in note 15(g).

9. Investment income

	2024 US$'000	2023 US$'000
Investment income		
Deposit account interest	5,886	5,636
Bank account interest	267	313
Treasury bond interest	30	-
Total investment income	6,183	5,949

There was no income from investments held at fair value through profit and loss during the year (2023: $Nil).

10. Taxation

	2024 US$'000	2023 US$'000
Tax on loss		
The charge based on the profit for the year comprises:		
Current tax	-	-
Deferred tax	-	-
Tax on loss	-	-

Factors affecting tax charge for the year.

	2024 US$'000	2023 US$'000
Loss before taxation	(1,182)	(1,633)
Corporation tax at 25% (2023: 23.5%)	(296)	(384)
Other permanent differences (legal fees)	298	98
Unrecognised tax losses carried forward	-	286
Utilisation of tax losses	(2)	-
Total current tax	-	-

10. Taxation (continued)

Factors that may affect the future tax charge

Following an agreement with HMRC the Company prepares tax returns based on consolidated accounts, and submits returns for the Company and L&O based on a 75% / 25% split.

The Company and L&O have consolidated losses in the year and prior year and therefore there is no current tax charge in years ended 31 December 2024 or 31 December 2023.

Tax losses are available to offset against the Group's taxable profits in future periods. The carried forward tax losses valued at the enacted tax rate as at the year end date, being 25% (2023: 25%) amounted to US$82,227,000 (2023: US$82,240,000). No deferred tax asset has been recognised in respect of these losses as, due to the uncertainty as to whether future profits will arise, it is not known at what point in time these losses will reverse, if at all.

There are no deferred tax liabilities (2023: US$Nil).

11. Share capital

	2024	2023
	US$'000	US$'000
Called up, allotted and fully paid:		
110,000,000 ordinary shares of 50p each	85,250	85,250
	85,250	85,250

There is one class of ordinary share capital with all shares having full voting, dividend and capital distribution rights.

12. Technical provisions

The closing provision for claims is comprised as follows:

(a) **Group**	**Gross US$'000**	**Reinsurance US$'000**	**Net US$'000**
At 31 December 2024			
Notified outstanding claims	-	-	-
Incurred but not reported claims	5,636	-	5,636
Provision for future run-off expenses	-	-	-
Total	5,636	-	5,636
At 31 December 2023			
Notified outstanding claims	-	-	-
Incurred but not reported claims	5,434	-	5,434
Provision for future run-off expenses	1,013	-	1,013
Total	6,447	-	6,447

12. Technical provisions (continued)

(b) **Company**	**Gross US$'000**	**Reinsurance US$'000**	**Net US$'000**
At 31 December 2024			
Notified outstanding claims	-	-	-
Incurred but not reported claims	5,503	-	5,503
Provision for future run-off expenses	-	-	-
	5,503	-	5,503
Additional provision for subsidiary undertaking's policyholder liabilities assumed under an intra-group guarantee:			
APH (Asbestos, Pollution and Health)	133	-	133
Non APH	-	-	-
Total	5,636	-	5,636
At 31 December 2023			
Notified outstanding claims	-	-	-
Incurred but not reported claims	5,306	-	5,306
Provision for future run-off expenses	1,013	-	1,013
	6,319	-	6,319
Additional provision for subsidiary undertaking's policyholder liabilities assumed under an intra-group guarantee:			
APH	128	-	128
Non APH	-	-	-
Total	6,447	-	6,447

The Company has given a guarantee in favour of the policyholder liabilities of its wholly owned subsidiary undertaking, L&O. Under this guarantee, any amounts paid by the Company in respect of its subsidiary's liabilities are recoverable only after all policyholder liabilities have been met.

Following the provisional liquidation of L&O, the Directors consider that this guarantee has crystallised. The technical provisions of the Company therefore include the Company's own policyholder liabilities including the provision held in respect of future run-off costs and provision for the total policyholder liabilities of its subsidiary undertaking before taking account of the available assets of the subsidiary undertaking.

13. Investment in Group undertakings

	2024 **US$'000**	2023 US$'000
Shareholding in subsidiary company	8,913	8,913
Provision for impairment	(8,913)	(8,913)
	-	-

Statement of investments in subsidiary company which is incorporated and registered in England and Wales:

Company	**Identity of class of share**	**Proportion of nominal value** **%**	**Issued share capital** **US$**
L&O	Ordinary (one class)	89.9	10,850,000

10.1% of the share capital of L&O is held on trust for the Company, subject to the voting rights in respect of those shares being exercised in accordance with the wishes of the Scheme Administrators.

Registered office: PricewaterhouseCoopers LLP, 8th Floor, Central Square, 29 Wellington Street, Leeds, West Yorkshire, United Kingdom, LS1 4DL.

The shareholding of US$8,913,000 comprises L&O at valuation on 1 January 1972 of US$1,163,000 plus the cost of additional shares acquired of US$7,750,000. This company has a deficit on shareholders' equity and so the Directors consider that a nil valuation is appropriate.

14. Other financial investments

	Group		**Company**	
	2024 **US$'000**	2023 US$'000	**2024** **US$'000**	2023 US$'000
Measured at cost				
Deposits with credit institutions	88,523	112,805	29,548	33,204
Treasury bonds	22,379	-	-	-
	110,902	112,805	29,548	33,204

15. Related party transactions

(a) The Company is a subsidiary of NNOFIC. 10.1% of the share capital of the Company is held on trust for NNOFIC, subject to the voting rights in respect of these shares being exercised in accordance with the wishes of the Scheme Administrators. NN Group NV, a company incorporated in The Netherlands, is the ultimate holding company of NNOFIC and the Company.

The results of the Company and of the Group have not been consolidated in the ultimate holding company's financial statements.

(b) Amounts due to group companies

	Group		Company	
	2024 US$'000	2023 US$'000	**2024 US$'000**	2023 US$'000
Intermediate parent company – NNOFIC	228,065	228,591	189,641	190,222
L&O	-	-	71,346	71,901
	228,065	228,591	260,987	262,123

(c) As a result of continuing deterioration in claims reserves Internationale-Nederlanden Verzekeringen NV ("INV") provided funding for gross claims payments made from 15 December 1993, with effect from 1 February 1994. The value of this funding, which was in the form of an unsecured interest free inter-company loan from NNOFIC, a subsidiary of INV, and intermediate parent of the Company, amounted to US$135,111,000 (Company: US$99,688,000) (2023: US$135,556,000 (Company: US$100,133,000)). The funding ceased on 21 October 1994, and the Company and its wholly owned insurance subsidiary, L&O, were placed into provisional liquidation.

An amount of US$9,725,000 (Company: US$6,725,000) (2023: US$9,895,000 (Company: US$6,842,000)) due to OIM Limited and Orion Insurance General Limited at 31 December 1995 was assigned by these companies to NNOFIC during 1996.

The above amounts totalling US$144,836,000 (Company: US$106,413,000) (2023: US$145,451,000 (Company: US$106,975,000)), currently included in amounts due to NNOFIC, have been subordinated to the Established Liabilities of all other Scheme Creditors, as defined in the Original Scheme. This subordination became effective on 7 March 1997, the effective date of the Original Scheme.

15. Related party transactions (continued)

(d) On 30 June 1995, the Group entered an arrangement with The Institute of London Underwriters ("ILU"), now The International Underwriters Association, and NNOFIC, in respect of certain liabilities included in technical provisions arising on policies signed and issued by the members of ILU and incepting on or after 20 March 1969 in respect of its wholly-owned insurance subsidiary and on or after 28 August 1970 in respect of the Company. Certain claims payments have been made by the Group since 30 June 1995 using funds loaned to the Group by NNOFIC. As at the statement of financial position date, total cumulative claims paid by the Group when translated into US Dollars, were US$346,783,000 (2023: US$347,168,000). The amount paid during the year under this arrangement was US$22,000 (2023: US$6,000) for the Group and US$22,000 (2023: US$6,000) for the Company. When translated into US Dollars, the claims paid by NNOFIC under this arrangement amounted to US$227,712,000 (2023: US$228,132,000) of which US$217,368,000 (2023: US$217,673,000) is the Company's portion, and the balance of US$10,344,000 (2023: US$10,459,000) comprises the funding provided to the wholly owned insurance subsidiary, L&O. Other movements in the period are in respect of foreign exchange adjustments.

Dividend top ups (net of compensatory payments and when translated into US Dollars) paid to NNOFIC totalled US$144,483,000 (2023: US$144,811,000) at the statement of financial position date.

Under the agreement, the loan from NNOFIC (see Note 15 (b)) ranks as a policyholder liability and falls under the intra-group guarantee (see Note 12).

(e) The Group was placed under the control of Joint Provisional Liquidators P. A. B. Evans and R. Boys-Stones on 21 October 1994. Mr. Evans and Mr. Boys-Stones were partners in a predecessor firm of PricewaterhouseCoopers LLP, the firm which provided services relating to the provisional liquidation of the Group.

(f) With effect from 7 March 1997, the Joint Provisional Liquidators ceased to act and the Group entered into the Original Scheme with its creditors. D.Y. Schwarzmann and D.N. Rackham are the current Scheme Administrators of the Group. The Original Scheme, the Amending Scheme and the Final Scheme provide that any Scheme Administrators shall, in relation to the Group, manage the run-off of its business, realise its assets and apply them for the benefit of its creditors, supervise and ensure the carrying out of the Original Scheme, the Amending Scheme and the Final Scheme, and it also gives them the power in the name and on behalf of the Group to manage their affairs, business and property. The Company pays all fees for services provided to the Group. During the year ended 31 December 2024, PricewaterhouseCoopers LLP's fees for services provided to the Group amounted to US$5,727,000 (2023: US$5,026,000), excluding VAT. Included within trade creditors and accruals at year end were costs totalling US$506,000 (2023: US$1,440,000) due to PricewaterhouseCoopers LLP.

(g) A combination of insurance and guarantee solutions have been put in place to facilitate the Early Final Dividend Offer. To the extent that the Group does not have sufficient assets to meet its obligations, these arrangements will cover any tax liabilities that may become payable by the Group after 2025. They will also ensure that any eligible creditors that do not accept the Early Final Dividend Offer receive a final dividend in due course that equates to what they would have received if the Early Final Dividend Offer had not been made. These risks are covered by an insurance policy written by Marco Re Limited backed by an on-demand guarantee provided by the UK firm of PricewaterhouseCoopers LLP. Both the insurance and guarantee are capped at $40,000,000. The risk underlying the insurance cover provided by Marco Re Limited is substantially reduced because of the guarantee and this has been reflected in the premium charged for the insurance of c.$0.5m. PricewaterhouseCoopers LLP will therefore bear the significant risk. It's fee, which is capped at the same amount as the guarantee, will comprise the remaining assets of the Group upon termination of the Scheme subject to certain exclusions.

16. PRA returns

The FSA, as predecessor to the PRA, has issued to the Company in May 2002 a waiver under section 148 of the Financial Services and Markets Act 2000 providing that Rule 9.3 of the Interim Prudential Sourcebook for insurers should be modified in its application to the Company so that the requirements under Rule 9.3 shall be satisfied instead by the Company preparing audited statutory accounts.

17. Scheme of Arrangement

The Group entered into the Original Scheme with effect from 7 March 1997. An Amending Scheme came into effect from 14 January 2016. The United States Bankruptcy Court granted an order recognising and enforcing the Amending Scheme in the United States of America on 11 January 2016.

The bar date for the final submission of all claims subject to the crystallisation provisions of the Amending Scheme was 12 September 2016 and all submitted claims have now been agreed. A Final Scheme came into effect on 29 May 2025 and established a bar date for the final submission of all claims of Opt Out Qualifying ILU Policyholders.

On 15 September 1997 an initial dividend rate of 15% was approved by the Creditors’ Committee. Subsequent increases have been approved by the Creditors’ Committee. On 12 August 2019 the dividend was increased to the current rate of 76%.