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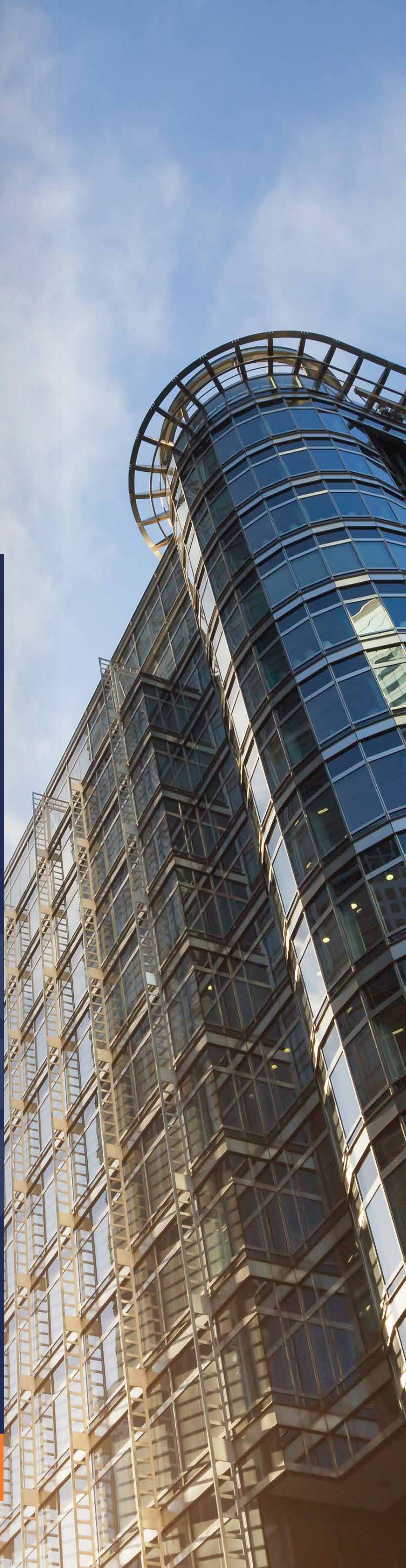

FINANCIAL & COMPLIANCE

ACTUARIAL REPORT

March 2025

CONTEXT

Regency Assurance is a long term licensed insurance company regulated by the Financial Services Regulatory Commission and an underwriter of insurance risk.

Financial analysis and reporting is carried out by independent actuaries on behalf of Regency Assurance and regulatory stakeholders to ensure continued compliance within the regulatory framework as it relates to the company's financial position and confirms its ability to meet its underwriting liabilities.

Actuarial findings are reported to insurance managers and regulators quarterly as part of Regency's commitment to ensure it remains compliant to its financial and regulatory requirements and provides reserve adjustments to ensure these are maintained long term.

The contents of this document have been authored by both external independent analysis and internal interpretation of data; this report is an accumulation of these sources. Whilst effort has been made to ensure the accuracy and reliability of the contents, it should be noted that this is a secondary source and collection of understandings rather than the primary source of data.

Please note that this document is confidential and for internal use by Regency Assurance Directors and Officers only and any person outside of the organization in receipt of it should immediately disregard its contents and dispose of it in its entirety in a secure manner.

INSURANCE RESERVE

As of March 2025 for Regency Assurance

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I, Douglas A. Eckley, am a member of the American Academy of Actuaries and a professor at George Mason University. I have been hired by Regency Assurance Ltd (the Company) to provide this reserve opinion.

Douglas A Eckley MAAA

HRFA Associates

RESERVE (and DAC) AMOUNTS as of MARCH 2025

Regency Assurance Accounting Notes

Reserve values submitted exclusively to the Financial Services Regulatory Commission, appointed Insurance Management company and Regency Assurance authorised officers. Q1 reserve opinions confirmed to have been applied to accounts of March 2025.

RELIANCES

I relied upon information provided by the Company that included, but was not limited to, the following:

- Insurance contract terms
- Techniques used by the Company to control losses, such as reinsurance, underwriting, and contract terms
- Underwriting procedures
- A listing of sales from January to March 2025 inclusive
- Listings of claims paid from January to March 2025 inclusive
- A listing of Financial Services contracts in-force as of March 2025

MINOR AMOUNT OF INVESTMENT RISK UNDER THE CONTRACTS.

DISCUSSION

The level of reserves must be considered in light of the risks that the Company assumes.

The Company issues contracts that provide primarily health insurance, but also limited amounts of life insurance on occasion. Proceeds under these contracts are held in the general account of the Company (in other words, the company has not established any segregated portfolios).

The Company bears the risk that claims could exceed premiums under the life and health insurance coverages.

During the year 2024 the company began marketing to employee benefits programs, but the coverages are the same as those offered in other channels. As of this writing the new line remains relatively insignificant but growth is expected. I will monitor this as future quarters unfold.

During the year 2022 the company began providing financial services by issuing Guaranteed Investment Contracts (“GIC’s”). I have reviewed the contract provisions and found no secondary guarantees and no provisions that would entail disintermediation risk. The interest crediting rates are reasonable relative to the terms to maturity. The liability shown above is the full accrued value plus a 2.5% add-on discussed in the next paragraph.

Currently a portion of the assets backing the GIC’s are in near-cash form. Discussion with management indicates that further deployment will be accomplished within 6 months from now. With that in mind, I have added 2.5% to the accrued value to obtain the reserve. The 2.5% is about one-half of the average crediting rate, and its use is a way of allowing 6 months for the company to deploy assets. I am comfortable with this amount of conservatism at this time.

The GIC’s contain a 1% life insurance cover, which entails a small reserve also shown above. This reserve is the present value of anticipated future life insurance claims over the life of the existing contracts.

I examined the coverages under each of the health insurance contracts in effect as of end March 2025. Here are the key data that I gathered from that examination and from my discussions with the Company:

The Company bears a minor amount of investment risk under the contracts. This risk is limited because the contracts are written on a one-year term basis. At renewal, the Company has the prerogative to adjust the premium according to anticipated claims experience at that time.

The contracts do not provide for a payout to the policyholder, upon surrender by the policyholder, of the policy, other than a potential refund of unearned premium.

The contracts provide for the regular assessment of periodic premiums.

The contracts are of the annual renewable type, and the Company can decline to renew or adjust the premium amount consistently with emerging claims experience.

My analysis of the financial services business included a comparison of assets to liabilities. The comparison included comparing currency denominations and cash flow durations. I will continue to monitor this aspect of the financial services business of the Company.

The Company is beginning to achieve a sufficient size to, by virtue of size alone, limit variability of results, as a percentage of premium, due to statistical fluctuations in claims experience. Additionally, the Company employs reinsurance, underwriting, and contract terms to limit that variability.

The Company began issuing health coverages in the year 2016. Enough time has elapsed to accumulate a statistically credible volume of experience. The company is achieving its desired loss ratios. With this in mind, I have assumed that claims on the underlying contracts will continue to develop consistently with the corresponding premiums.

OPINION

The reserve amounts identified above, net of the DAC balance shown, are sufficient to cover foreseeable claim payment obligations that may arise from the business of the Comapny.

Douglas A Eckley, MAAA
29 April 2025

MANAGEMENT REPORT

INTRODUCTION

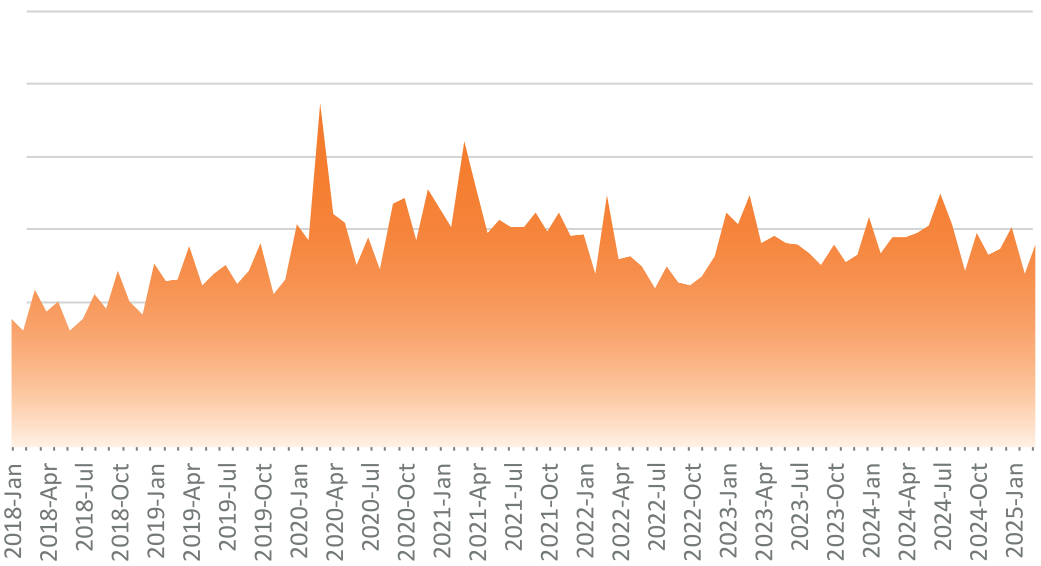
The purpose of this report is to provide management with useful financial information in a visual format. On occasion, this information may assist management in the day-to-day decision making that is required to best operate the company.

The categories provided are:

OVERVIEW

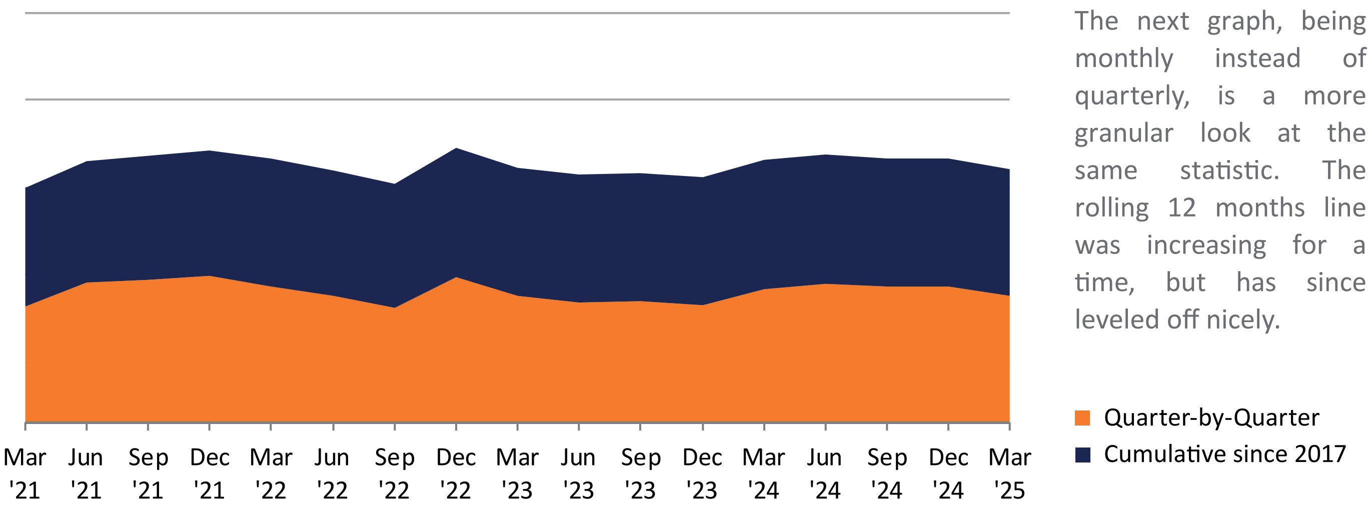
Over the past 24 months, health insurance premium has stabilized at a relatively high level, as shown in this graph:

ANNUALISED PREMIUM PLACED:



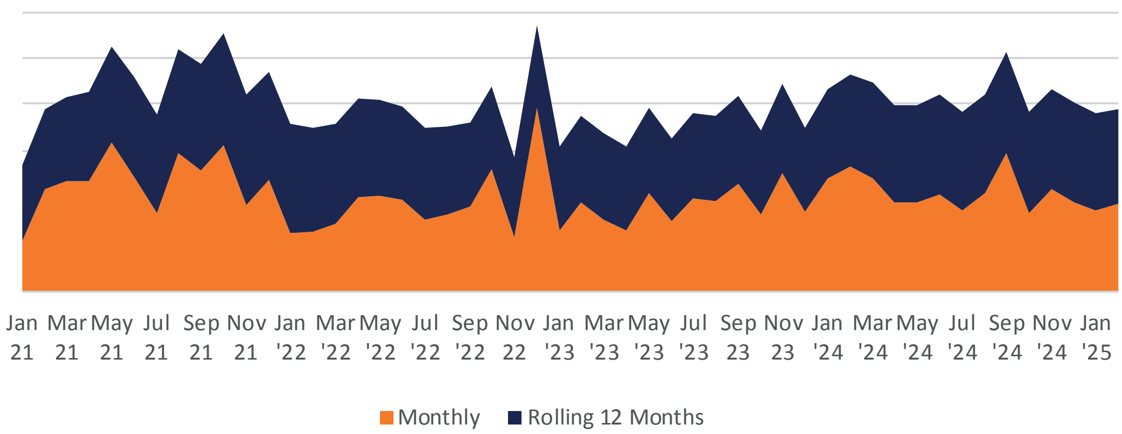
The reason for the March/April 2020 highpoint may have been that the COVID-19 virus has made ex-patriots and others more aware of the need for health insurance. The company was in the right place to serve this need. Quarterly loss ratios over the last two years have been fairly consistent and have held at reasonably low levels:

QUARTERLY LOSS RATIOS:



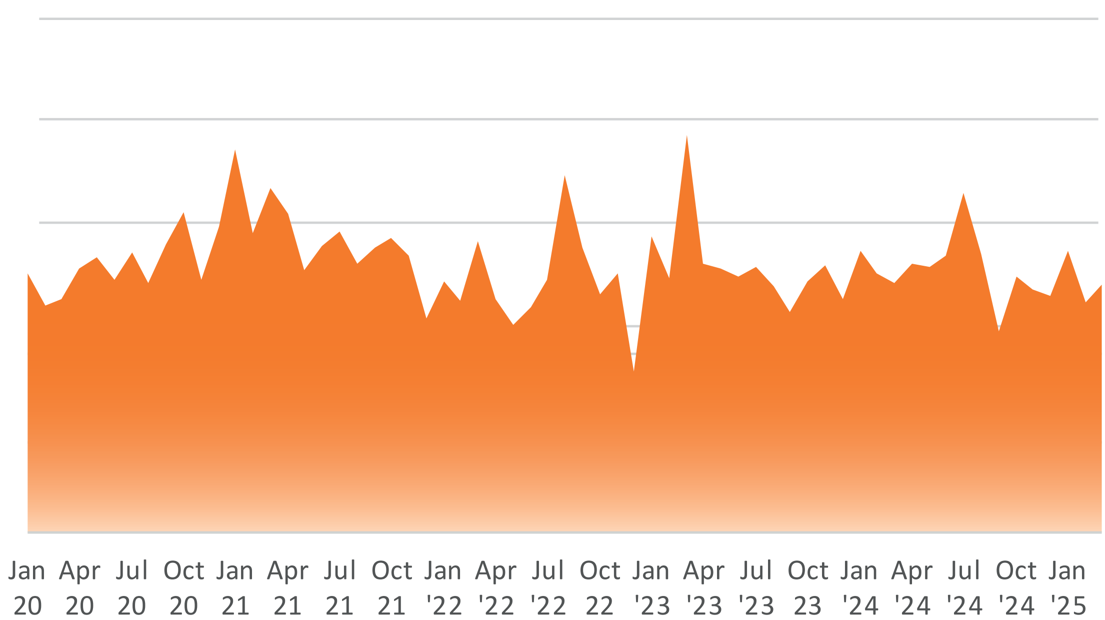
The next graph, being monthly instead of quarterly, is a more granular look at the same statistic. The rolling 12 months line was increasing for a time, but has since leveled off nicely.

MONTHLY LOSS RATIOS:



The year 2022 experienced a declining trend in the monthly premium income for the RFE (health insurance for ex-patriots) line of business. That may have been a reaction to the decline of COVID as a threat. 2023 saw some bounce-back. So far in 2025, we see stability. The most recent month, March, shows some drop-off, but I believe that to be just a statistical blip. This graph shows the situation, and includes the trend line fit by the ordinary least squares method:

MONTHLY REGENCY FOR EXPATS PREMIUM INCOME:



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REGENCY LINES OF BUSINESS

During 2022 the company entered a new line of business, designated internally as "RFS". Thus far the line consists of Guaranteed Investment Contracts. I reviewed the contract provisions and found no secondary guarantees and no provisions that would entail disintermediation risk. The interest crediting rates are reasonable relative to the terms to maturity. The liability carried is the full accrued value. Significant growth is expected for this line of business, and in fact we have seen significant volume during 2025.

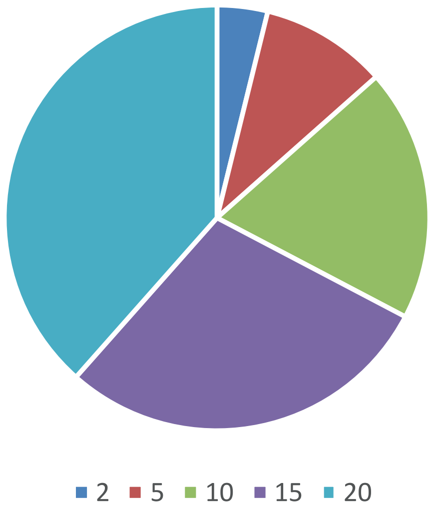
Starting this quarter, my analysis of the financial services business extended to a comparison of assets to liabilities. The comparison included comparing currency denominations and cash flow durations. I will continue to monitor this aspect of the financial services business of the Company.

Reviewing the RFS data file, I noticed the following:

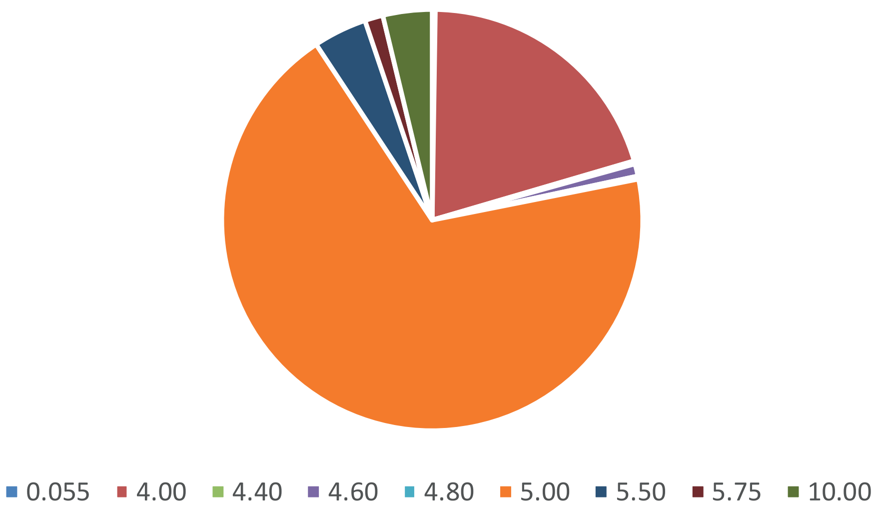
1) One particular deposit shows a crediting rate of 0.55%. This may be an error (perhaps a miscoded decimal place).
2) Some contracts show blank in the crediting rate field. This results from a contract that accrues via increasing the number of allocated units, rather than by adding interest.

As indicated by the graphs below, the dominant term to maturity is 5 years, which entails less risk than longer maturities. Also as indicated, the dominant interest crediting rates are in the 4% to 5% range. These appear to be in tune with returns available in the market.

DEPOSITS BY YRS-TO-MATURITY:



DEPOSITS BY CREDITING RATE:

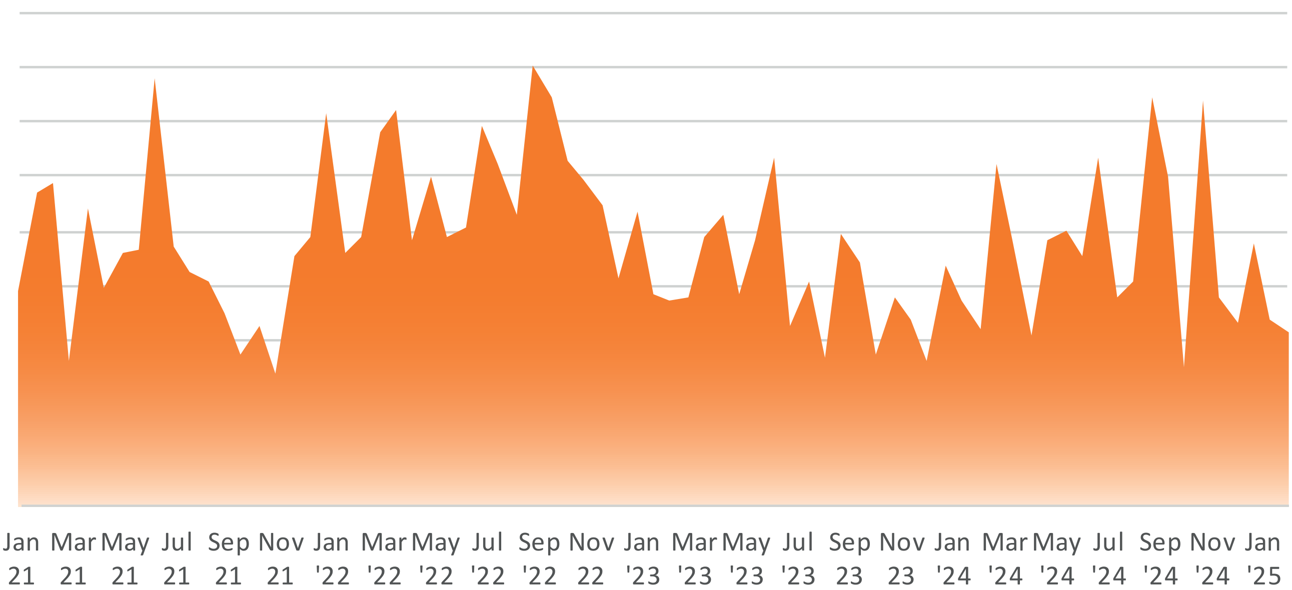


The small amount at 2-years-to-maturity is a new issue of the second half of 2025. If the demand for the shorter maturity is there, I see no reason for the company not to meet it.

CLAIMS FLOW

This important category contains 3 graphs

1. CLAIMS APPROVED:

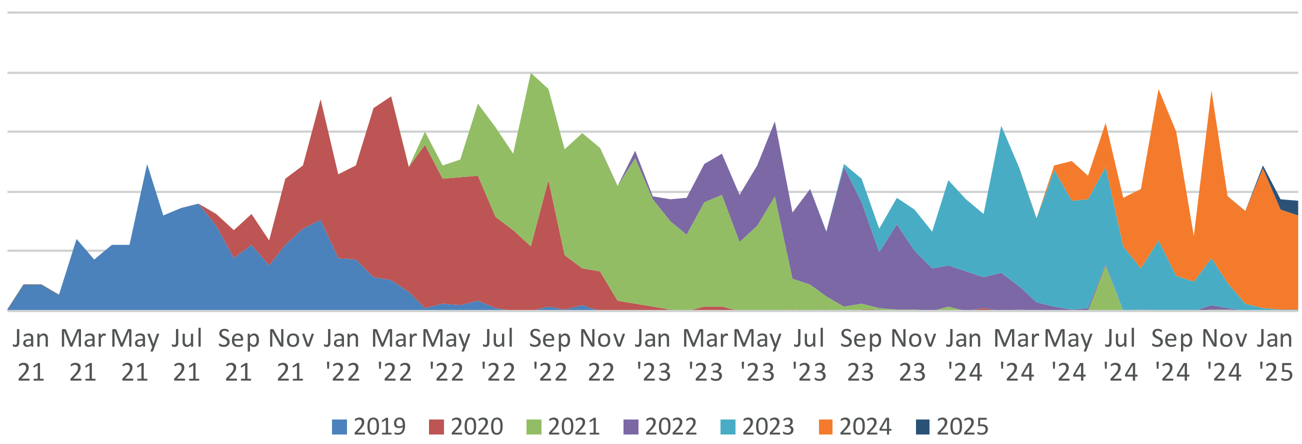


This graph shows dollars of claims approved for payment by month, including a linear trend line. It contains mostly good news: the company is growing strongly but in a controlled manner.

The slowdown starting in the first quarter of 2020 was due to the COVID-19 virus. People were not following their regular routines, thus limiting their exposure to accident or injury.

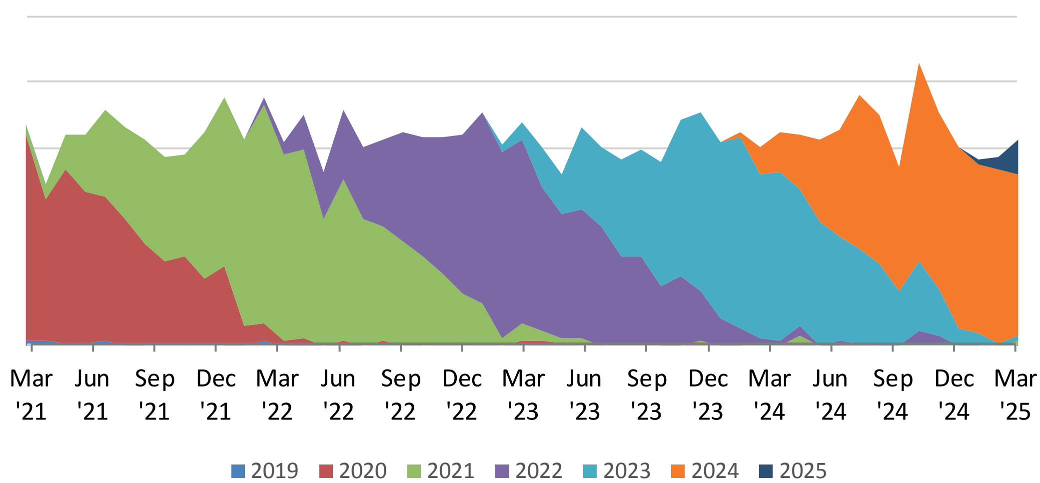
In more recent quarters we see a return to more normal levels.

2. CLAIMS APPROVED BY ISSUE YEAR:



This graph provides a breakdown of the data in graph #1. The lines (one for each year starting with 2019) add up to the data shown in graph #1. Each line looks at only the dollar claim amounts from policies issued in the year indicated. Importantly, the patterns of the lines on the graph are fairly consistent.

3. CLAIM COUNTS BY ISSUE YEAR:



This graph is similar to #2, but instead of showing dollars of claims, it shows counts of claims. For this reason the lines show less volatility (one claim for a large dollar amount does not distort the data; it is still just one claim). Starting with the first quarter of 2021 the company employed a new approach that counts, as separate claims, each service provided and covered within the same hospital stay. Therefore this graph begins with January 2021.

PREMIUM FLOW

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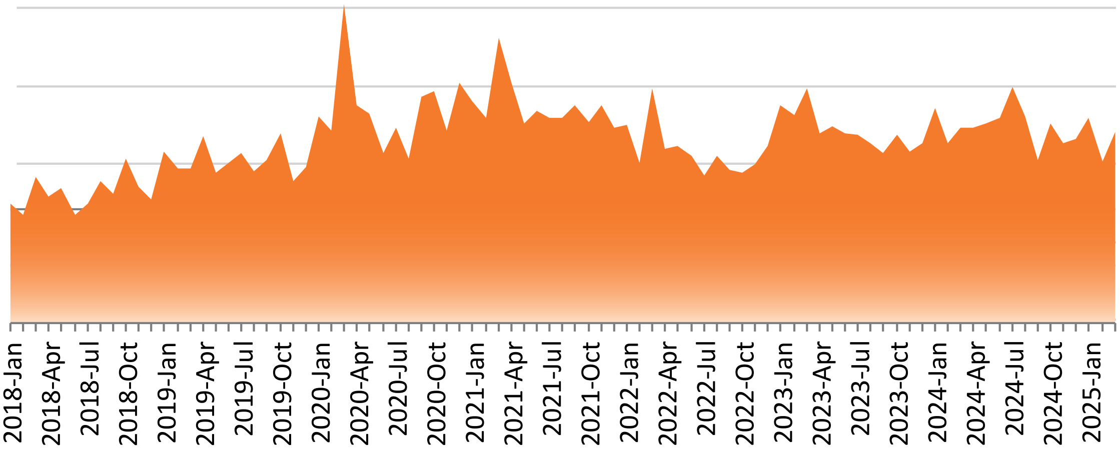
2 graphs are presented:

ANNUALISED PREMIUM PLACED:



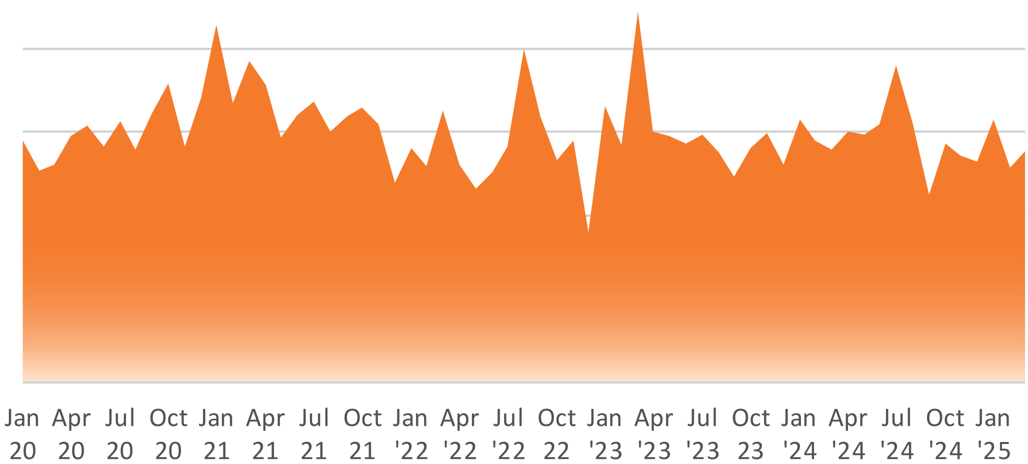
We see the strong growth of the company since inception. Interestingly, we see a spike in production every March for the last three years. Perhaps management has an explanation for this. From the actuarial perspective, it is not of major import since it is only one month out of 12.

But we also see a slight downtrend in monthly premium income for the RFE line of business over the past year. This was discussed in the Overview section of this report.

Of note, these graphs exclude premium from the RFS line of business. That line was discussed in a previous section.

The first graph below was presented in the Overview sectsion of this report, but is shown again for the sake of comparison with the second graph.

MONTHLY RFE PREMIUM INCOME:

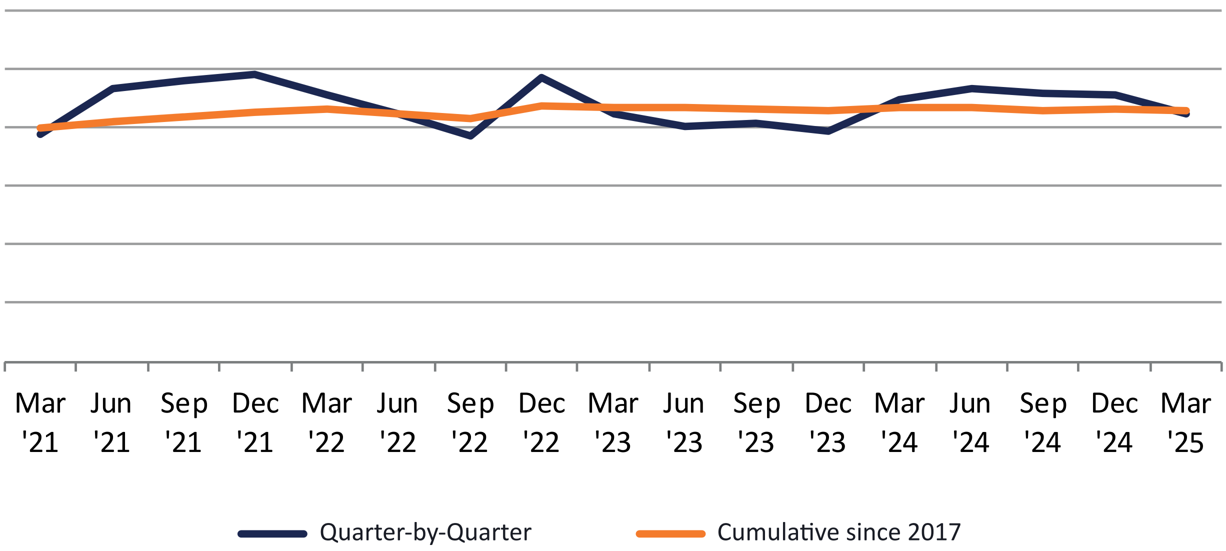


LOSS RATIO AND CUMULATIVE LOSS RATIO

The graph titled "Quarterly Loss Ratios" shows both (incremental and cumulative) data lines in this important area.

The company is maintaining a consistent and low pattern of claims paid divided by premiums collected.

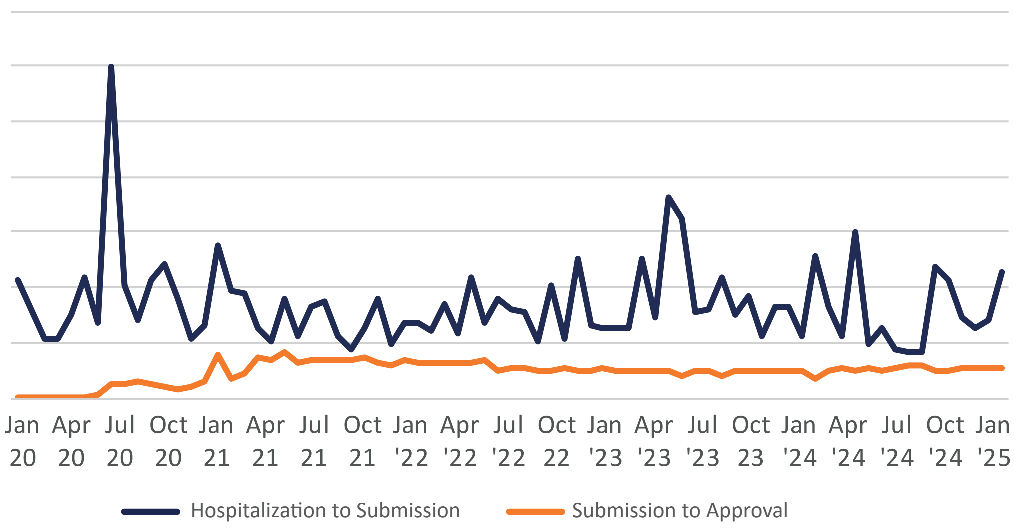
QUARTERLY LOSS RATIOS:



DELAY BETWEEN HOSPITALISATION AND SUBMISSION OF CLAIMS

This graph addresses an important but difficult statistic. The company does well with claims processing, as discussed above. But the time from hospitalization to submission is BEYOND the company's control. If it changes, then some of the data that management sees will need to be interpreted differently. As can be seen, this statistic has continued steadily through 2022. A modest jump occurred during the early months of 2023 but this was due to temporary factors. As of today (end March 2025), we have returned to the excellent results previously seen.

AVERAGE DAYS FROM HOSPITALISATION TO SUBMISSION OF CLAIM:



DIRECTORS' COMMENTS & OUTLOOK FOR THE FUTURE

Stephen Coughlin
Director

Regency Assurance

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Over the past 36 months, Regency has continued to demonstrate strong operational performance, strategic discipline, and sustainable growth. Our insurance portfolio remains robust, supported by sound management practices and a clear focus on long-term value.

Our core lines of business, RFE, RFS, and REB, remain central to our success. RFE continues to perform solidly, with steady premium income and strong market relevance. In 2025, we introduced a premium freeze across the RFE product range, reinforcing our commitment to customer value. We also expanded the RFE offering with new products designed to meet the evolving needs of our globally mobile client base.

The RFS business, centred on Guaranteed Investment Contracts, continues to show strong potential. Strategic enhancements in asset deployment are expected to deliver long-term benefits and reinforce our position in this space.

Our REB brand remains a key pillar of the business, providing tailored insurance solutions and contributing meaningfully to our overall performance. Its continued strength supports our multi-brand strategy and broadens our reach across markets.

In a major strategic development, Regency launched **Beyond Travel**, a new travel insurance company designed to strengthen our position in the international travel insurance sector. This expansion reflects our commitment to innovation and diversification while continuing to offer high-quality, customer-centric solutions.

These developments support Regency's broader strategy of geographic and product diversification. By expanding into complementary markets and reinforcing our core offerings, we continue to enhance the resilience of our portfolio while opening new avenues for growth. This balanced approach ensures we are well positioned to respond to changing market dynamics and capture emerging opportunities.

Claims activity has remained within expected parameters, and our efficient, customer-focused claims handling remains a key strength of our business.

Looking ahead, Regency is well-positioned to build on its momentum. With a focus on product innovation, operational excellence, and strategic expansion, we are confident in our ability to meet future challenges and deliver sustained value to both policyholders and stakeholders.

With a strong foundation and a forward-looking strategy, Regency enters 2025 with confidence, clarity, and commitment.

Stephen Coughlin
Director

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