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Fidelis Insurance Holdings Ltd. (FIHL)

Q4 2025 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good morning, ladies and gentlemen. And welcome to Fidelis Insurance Group's Fourth Quarter 2025 Earnings Conference Call. As a reminder, this call is being recorded for replay purposes. Following the conclusion of formal remarks, the management team will host a question-and-answer session and instructions will be given at that time.

With that, I will now turn the call over to Miranda Hunter, Head of Investor Relations. Ms. Hunter, please go ahead.

Miranda Hunter

Group Head-Investor Relations, Fidelis Insurance Holdings Ltd.

Good morning, and welcome to Fidelis Insurance Group's fourth quarter 2025 earnings conference call. With me today are Dan Burrows, our CEO; Allan Decleir, our CFO; and Jonny Strickle, our Group Managing Director.

Before we begin, I'd like to remind everyone that statements made during the call, including the question-and-answer section, include forward-looking statements. Management's comments regarding expectations, projections, targets, and any future results are based upon current assessments and assumptions and are subject to a number of risks, uncertainties and emerging information developing over time. It is important to note that actual results may differ materially from those expressed or implied today.

Additional information regarding factors shaping these outcomes can be found in Fidelis' SEC filings, including our earnings press release issued last night. Management will also make reference to certain non-GAAP and proprietary measures of financial performance. The reconciliation to US GAAP for each non-GAAP financial measure, as well as descriptions of proprietary financial measures, can be found in our earnings press release and Financial Supplement available on our website at fidelisinsurance.com.

With that, I'll turn the call over to Dan.

Daniel David Burrows

Group Chief Executive Officer & Executive Director, Fidelis Insurance Holdings Ltd.

Good morning, everyone, and thank you for joining our fourth quarter earnings call. Reflecting on our performance, I want to highlight three key takeaways. Firstly, our ability to deliver excellent results. Our fourth quarter performance is further validation of our business model. We delivered an 80.6% combined ratio which represents a 47 point improvement year-over-year for the same period. This is the second consecutive quarter of performance exceeding our long-term targets with the second half of the year highlighting the true strength of our portfolio and risk management.

Secondly the growth of our platform. We remain focused on identifying the most attractive opportunities in the market and partnering with top tier underwriting teams to execute our strategy. This disciplined approach enables us to allocate capital where we see the best risk adjusted returns. Gross premium written grew 7.1% for the full year, with new underwriting partners contributing 4 points of this total.

We're excited about the progress we continue to make in expanding our network of underwriting partners, and we are well-positioned to capitalize on attractive growth opportunities while continuing to deliver strong underwriting margins. Our new name and brand, Pelagos Insurance Capital best captures our identity and future direction, reflecting our positioning as a capital allocator, working with best-in-class underwriting partners.

And thirdly, our committed focus on being a best-in-class capital allocator. That focus concentrates on three areas. How we underwrite, how we use outwards reinsurance to enhance our risk profile and how we return capital to shareholders. I'd like to briefly touch on all three pillars.

Our underwriting approach focuses on building a differentiated portfolio. As a leader, we are capturing enhanced pricing and structural efficiencies in a verticalized market, while maintaining diversification and continuing to add accretive profitable business through selective new underwriting partnerships. Outwards reinsurance enables us to enhance our risk profile and optimize our portfolio. By thoughtfully combining pricing and structural differentials, we improve margin and increase capital efficiency.

In terms of capital management, our first port of call will always be profitable underwriting growth. And because of our robust capital position, we were also able to repurchase over 15 million common shares in 2025, including privately negotiated transactions with a founding shareholder. This action contributed \$0.90 to our book value per share in 2025. Overall, our strategic approach to share repurchases has contributed \$1.24 of book value per share since the inception of our program in 2024. This combination of discipline, flexibility and execution underscores the strength of our balance sheet, and the strategic advantage it provides to pursue both attractive underwriting growth and consistent shareholder returns.

Last week, we further increased our common share repurchase authorization to \$400 million, providing additional flexibility. We strongly believe that at our current market price, our stock is undervalued and buying shares represents an accretive use of capital. Later in the call, Jonny will go into more detail on our underwriting approach, including the new underwriting partnerships we've added and our strategic use of outwards reinsurance.

Turning to fourth quarter results, we are very pleased to have reported top line premium growth of 3%, a combined ratio of 80.6% and an annualized operating ROAE of 18.3%, meaningfully exceeding our through the

cycle targets. For the full year, we delivered on our growth objectives, posting an increase of 7% in gross premiums across the year driven by strong retention rates and continued diversification through new business opportunities, including new strategic partnerships across multiple lines of business.

2025 has been a year of two distinct halves. In the first half, we worked to proactively resolve legacy challenges relating to our Russia-Ukraine aviation litigation exposure. Having taken actions to resolve this exposure, in the second half of the year, the underlying strength of the business is clearly visible in our results. These results reinforce the resilience of our platform and our confidence in sustaining strong performance moving forward.

Notably, we would have delivered combined ratios well ahead of our through the cycle targets for the full year in 2025 and for every year since our IPO if not for the impacts of the Russia Ukraine aviation litigation. Taking a closer look at the dynamics in each of our segments. Our portfolio remains approximately 80% specialty insurance and 20% reinsurance. Within insurance, we delivered 6% growth in 2025 gross premiums written demonstrating our disciplined approach to capturing growth opportunities where price and structure supported our return hurdles. Asset-backed finance and portfolio credit was a significant driver of growth and opportunity through the year. We continue to see strong margins across these products, which are insulated from traditional market cycles.

We have established ourselves as a leader in the structured credit market, driven by our underwriting expertise and our ability to price and structure effective and repeatable solutions for counterparties. In addition, we have seen growth in our mortgage portfolio through our engagement with Euclid Mortgage, who we partnered with at the beginning of 2025. Asset-backed finance and portfolio credit now comprises over 11% of our total premium. These products are characterized by longer earning patterns compared to the rest of our predominantly short-tail focused portfolio. Jonny and Allan will provide further details on the extended earning patterns associated with these lines.

In our direct property segment, we successfully maintained overall income year-over-year, which positively demonstrates our ability to navigate dynamic market conditions. We have a disciplined approach to portfolio management. We deploy capital by focusing on margin, optimizing line size and leverage and selectively adding new niche and targeted books of business, where we have identified attractive risk adjusted returns.

Examples of this include our expansion into data centers and the onboarding of new underwriting partners. We write a leading book of specialty marine business, throughout the year we leveraged our capacity to maximize margins across the subclasses and in response to strong demand we took advantage of opportunities to convert attractively priced, large capacity driven construction risks. We have discussed our caution with respect to aviation throughout the year, and we walked away from risks that did not meet our hurdles. While we did see some improvement in pricing in the all risks market, largely driven by loss activity in the early part of the year. In general, the uplift was not sufficient to meet our return hurdles.

Given the complexity of this line of business, we are not willing to compromise on certain terms and conditions at any price, including governing law and jurisdiction, which can significantly impact loss outcomes. As a result, gross written premium in this line of business declined by approximately 50% year-over-year and we made the strategic decision to pivot into other attractive areas of the market to allocate capital.

Across the insurance portfolio rate adequacy remains strong. Beyond price alone, our positioning allows us to achieve a consistent differential relative to follow markets. By exercising underwriting leadership and leveraging relationships and line size, we are able to influence structure and terms, not simply accept them driving stronger risk adjusted outcomes across the portfolio.

Turning to the reinsurance book, where we also continue to see strong margin. We delivered 11% premium growth for the year. Our excellent underwriting results reflects our ability to grow profitably and capitalize on favorable market conditions, including post loss opportunities. So putting it all together, we are very pleased with our 2025 performance. This is an exciting time and we are confident in our ability to continue delivering strong performance in the year ahead.

With that, I'll turn it over to Allan for a detailed review of our financial results. Jonny will then discuss our strategic approach to capital allocation. And then I'll return to share insights on our market outlook and new brand identity.

Allan Carl Declair

Group Chief Financial Officer, Executive Director & Chief Executive Officer-Fidelis Insurance Bermuda Limited, Fidelis Insurance Holdings Ltd.

Thanks, Dan. And good morning, everyone. We had an excellent fourth quarter with operating net income of \$110 million or \$1.09 per diluted common share, resulting in an annualized operating return on average equity of 18.3%, driven by another quarter of strong underwriting performance. We delivered a combined ratio of 80.6%, an improvement of 47 points over the fourth quarter of 2024. Our book value per diluted common share continued to grow to \$24.61, including dividends, this is an increase of 15.2% in the year.

For the full year, our operating net income was \$205 million or \$1.92 per diluted common share, resulting in an operating return on average equity of 8.5%. Our full year results reflect the actions we took in the first half of 2025 to move past the uncertainty associated with the Russia-Ukraine aviation litigation, judiciously settling claims and including the impact of the English High Court judgment. We believe our third and fourth quarter results are excellent demonstrations of the quality of our business.

Turning now to our quarterly results. We grew our gross premiums written by 3% to \$978 million, bringing our total for the year to \$4.7 billion, an increase of 7% compared to 2024. During the fourth quarter in the insurance segment, gross premiums written increased by 6% to \$981 million. We saw continued growth, including new underwriting partnerships in several lines of business. The fourth quarter typically has minimal premium volume for our reinsurance segment. The primary changes during the quarter resulted from a reduction in reinstatement premiums that were initially recognized in connection with the California wildfires. This is in line with us lowering our ultimate loss estimates for the wildfires during the quarter.

As mentioned by Dan, we continued to walk away from business in certain lines that didn't meet our pricing hurdles, contributing to a 13% decrease in our net premiums earned in the quarter versus prior year. A few points to highlight. First, our strategic decision to decline business that did not meet our pricing hurdles and our underwriting standards. This was most notable within aviation, where gross premiums written were down 50% from 2024.

Second, we have taken advantage of many new opportunities and achieved growth in asset-backed finance and portfolio credit, which in 2025 saw an increase of \$132 million in gross premiums written versus the prior year. These lines have a longer earnings pattern generally of five to seven years compared to the rest of our portfolio, which typically earns out over one to two years. Finally, reinstatement premiums that were initially recognized in California wildfires were reduced during the fourth quarter. As I mentioned, this is in line with us lowering our ultimate loss estimates.

Looking ahead to the first quarter, we expect net earned premiums to range from \$450 million to \$500 million in our insurance segment and \$50 million to \$60 million in our reinsurance segment. Our excellent underwriting performance resulted in a combined ratio of 80.6%.

I'll break down the components of our quarterly combined ratio in more detail. For the fourth quarter, our catastrophe and large losses were \$51 million or 9.1 points of the combined ratio. This is an improvement compared to the same period last year, where our catastrophe and large losses were \$133 million or 21 points of the combined ratio. The insurance segment was impacted by Hurricane Melissa in the fourth quarter, as well as a satellite loss in our aerospace book, along with a loss event in our political risk, violence and terror line of business. In contrast, the reinsurance segment had no catastrophe and large losses and benefited from the sale of certain subrogation rights related to the California wildfires.

During the fourth quarter, our attritional loss ratio was 30.4%. We are pleased to see that the attritional losses have and continue to come through at a low level. As we look to 2026, we see our overall loss ratio in the mid-40% range, which includes attritional losses, and cat and large losses. Of this number in insurance, about two-thirds is from attritional losses and one-third from catastrophe and large losses. In reinsurance, it is split roughly equally between catastrophe and attritional losses.

We recognized net favorable prior year development of \$35 million for the quarter compared to net adverse development of \$270 million in the prior year period, related to the action we took to de-risk our overall exposure to Russia-Ukraine aviation litigation. A key driver of this quarter's favorable prior year development was \$25.6 million in our insurance segment due to positive development on prior year cat events and from continuing benign attritional development on prior accident years.

Turning to expenses. Policy acquisition expenses from third parties were 26.2 points of the combined ratio for the fourth quarter compared with 33.6 points in the prior year period. We continue to anticipate our annual policy acquisition expense ratio to be in the low thirties for insurance and in the mid-20s for reinsurance comparable to our year-to-date results. Policy acquisition expenses to the Fidelis Partnership were 16.8 points of the combined ratio in the quarter.

Finally, our general and administrative expenses were \$25 million, including the benefit from Bermuda's substance based tax credits. This was compared to \$24 million in the fourth quarter of 2024. As we expand our pipeline of new underwriting partners, we continue to make strategic investments in our capabilities. This includes further strengthening our talent base and enhancing our infrastructure and technology to support this growth. For 2026, we anticipate these strategic investments will lead to G&A expenses of approximately \$29 million per quarter. It's important to emphasize that our business is designed to have a lean and efficient structure, and our expense ratio reflects that. This positions us well to scale effectively while maintaining operational discipline.

Moving on to our investment results, our net investment income and net realized and unrealized gains on other investments for the quarter were \$47 million. As of December 31, the average rating of our fixed income securities remains very high at A-plus, with a book yield of 4.9% and average duration of 2.7 years. Overall, these investment results reflect our disciplined approach to portfolio management and our focus on generating attractive risk adjusted returns while supporting a broader capital allocation strategy. We anticipate that our 2026 investment results will be broadly in line with those of 2025, with our portfolio, including funds expected to generate a return of approximately 4% to 4.5%.

Turning to tax. Our effective tax rate for the year was 18.2% compared to 16.9% in 2024. This 2025 rate reflects a greater proportion of our pre-tax income generated in higher tax rate jurisdictions. For 2026, we anticipate a full year effective tax rate of approximately 16%, reflecting the projected mix of profits across our three operating jurisdictions.

Turning to capital management. We are in a very strong capital position, which has enabled us to grow our underwriting portfolio and also return capital to shareholders. In the fourth quarter, we repurchased 6.4 million common shares for \$119 million at an average price of \$18.47. This includes \$83 million through privately negotiated transactions. This brings our 2025 repurchases to 15.2 million common shares at an average price of \$17.22. This has been highly accretive on both the book value and earnings per share basis to our shareholders, contributing \$0.90 to our book value per share in 2025.

Subsequent to December 31 and through February 20, we repurchased an additional 967,000 common shares for \$18 million at an average price of \$19.12. And as mentioned by Dan and as announced last week, our board approved an increased share repurchase authorization of \$400 million.

In summary, we delivered excellent results for the fourth quarter further demonstrating our strong capital management, the strength of our portfolio, the effectiveness of our approach to investments and our commitment to delivering returns to shareholders.

And with that, I will now turn the call over to Jonny.

Jonathan Strickle

Group Managing Director, Fidelis Insurance Holdings Ltd.

Thanks, Allan, and good morning, everyone. Today, I want to emphasize that our core strength lies in being a strategic capital allocator. An approach that not only drives our strong current performance, but also positions us to capitalize on future opportunities and outperform the market going forward. As Dan highlighted, our capital allocation approach consists of three core pillars. First, finding the most attractive areas of the market to allocate capital to and the best partners to execute on our underwriting strategy within those areas. Second using outwards reinsurance as a flexible tool to support growth, improve margins and optimize our capital structure. And third, leveraging our strong balance sheet to return excess capital to shareholders through dividends and share buybacks. I will focus the remainder of my comments on how we advance those first two pillars during the year.

Starting with underwriting. Each underwriting partner we work with brings expertise and proven track records in specific underwriting areas, allowing us to deploy capital where we see the most attractive risk adjusted returns. We have exclusive first right of access through a 10-year rolling agreement to all business written by the Fidelis Partnership, a leading specialty insurance and reinsurance MGA. Only business outside our underwriting appetite, which we choose not to support can be offered and placed with other capital providers.

Expanding our underwriting partnerships builds on our proven strategy. Since the start of 2025, we have continued to broaden our network by establishing a growing number of select long-term underwriting partnerships in areas where we see profitable growth.

To give you a sense of these new partnerships, I'll highlight a few of the larger ones that we're working with. At the beginning of 2025, we began our first new underwriting partnership with Euclid Mortgage. We entered this partnership with long-standing relationships with the Euclid leadership team. Our first year together has been exceptional, successfully accessing US mortgage risk in a market dominated by the larger players.

Our growth in these lines demonstrates both Euclid's technical expertise and our ability to identify and back high quality partners. We view Euclid as a long-term partner in 2026 and beyond. By providing committed long-term capital and active partnership, we are helping them execute their strategy while benefiting from their level of differentiated access to risk. This is a clear example of how we combine careful partner selection with the capacity to support specialist businesses in building credible, scalable platforms.

Later in 2025, we partnered with Bamboo Insurance, a property MGA, backed by industry leading talent. Bamboo is a data enabled insurance distribution platform, providing homeowners insurance and related products to the residential property markets in California and Texas. The collaboration builds on our property expertise and is highly accretive to our existing portfolio. We are aligned in our view of risk and exposure management and we are excited to help Bamboo continue to scale their platform into 2026.

At 1/1/2026, we initiated a portfolio-wide partnership with OAK Global, providing funds at Lloyd's for their syndicates and making a long-term commitment that we intend to expand as their business grows. We chose to partner with the team at OAK because of the exceptional performance track record of their leadership group and the strong data-driven people-powered culture that they have built. OAK is bringing disciplined specialist capacity into the market, underpinned by technology, data-driven insights and deep expertise, addressing a gap in the Lloyd's market for a scaled, reinsurance focused platform. By committing meaningful long-term underwriting capital, we are supporting both OAK's expertise and the structural opportunity, partnering with a platform built for durability across market cycles.

Today, including those noted above, we are actively collaborating with a select group of leading global insurers and reinsurers as well as top tier MGAs. Our approach to identifying and engaging with partners remains highly selective. We focus on partnering with organizations that demonstrate strong underwriting discipline, deep market expertise, broad market access, and a proven track record of performance. We anticipate the contributions from new underwriting partnerships will become an increasingly meaningful component of our premium over time. And our goal is to achieve this growth with a small number of trusted partners that we can grow alongside. In fact, we turned down the vast majority of opportunities we review, underscoring our commitment to quality over quantity.

Now let me spend a few minutes talking about why partners seek to work with us. A key reason is that across our management team, we have decades worth of diverse experience working directly with industry leaders. We have always placed a strong emphasis on building and maintaining trusted relationships. Underwriters and brokers know that our approach is based upon collaboration, trust and true partnership because they've seen it in action.

In addition, I would cite our long-term focus, we are committed to long-term value creation, transparency and alignment of interest with our partners that goes well beyond one-time transactional interactions. This approach ensures that our clients and partners can rely on us for consistent support. Finally, our proven expertise in analyzing portfolio level deals, combined with a structure which enables engagement from the entire management team on every opportunity. This gives us the conviction to deploy bespoke solutions at scale, something that our partners have found of great value.

Our onboarding of additional underwriting partnerships is a natural extension of what we have been doing successfully since inception. By executing our strategy of partnering with multiple best-in-class underwriting teams, selecting the most compelling opportunities and sizing them appropriately. We expect to further improve portfolio diversification, tightly manage exposures and optimize margins throughout the cycle.

Our second strategic pillar is the disciplined use of outwards reinsurance. Our outwards program delivers robust portfolio protection while driving ongoing margin improvement. By combining disciplined execution with longstanding industry relationships and expertise we secure broad multiclass coverage at strong risk adjusted pricing. Trusted partnerships with top tier reinsurers built over decades are a cornerstone of this strategy and a clear competitive advantage.

We balance core program development with opportunistic purchases working with counterparties who understand our portfolio and our underwriting discipline. Our organizational structure and depth of expertise support this approach. Close collaboration between management, underwriting and our inwards partners gives us access to a wide range of products and market insight. This enables us to set an optimized reinsurance program each year and consistently improve outcomes.

Throughout 2025, we strengthened our outwards program by securing additional coverage at attractive terms using a blend of traditional reinsurance and ILS. This broadened protection has enhanced overall portfolio margins as we continue to optimize the interplay between our inwards and outwards exposures. We use outwards reinsurance not only to manage downside risk, but also as a flexible tool to support gross line size, while still controlling net exposure. This approach reduces volatility and supports a more resilient risk profile across stress scenarios.

In January, when we placed the majority of our annual program, we capitalized on favorable market conditions to expand coverage and improve terms, delivering a really strong outcome which included meaningful rate reductions of around 20%, while upgrading both coverage quality and counterparty security, enhanced structural protection through new aggregate purchases that were not previously available to improve the overall margin protection. And targeted enhancements that broaden coverage, enhancing terms where needed and strengthening program efficiency.

In addition, we also sponsored another Herbie Re Catastrophe Bond, securing \$75 million of US earthquake protection, leveraging the pricing available in the cat bond market with what we can achieve writing the inwards portfolio. This renewal underscores the role of outwards reinsurance as a flexible and active portfolio and capital management tool. While January marks the core placement period, we remain opportunistic throughout the year adding coverage when it improves margins, enhances our risk profile or increases capital efficiency.

To provide context on risk exposure, as of January 1, our one in 250 California earthquake probable maximum loss is in the mid-single digits as a percentage of shareholder's equity and a one in 100 Southeast Gulf and Caribbean clash exposure remains below 10% of shareholder's equity, which is consistent with our view of risk and return metrics.

In closing, we're excited with the progress we continue to make. We've expanded our network of new underwriting partners, which will be key to our growth moving forward. Our strategic use of outwards reinsurance has been proven throughout market cycles to enhance our risk and return profile, and our balance sheet is in a very strong position with broad protection in place to manage peak exposures.

And with that, I'll turn it back to Dan to cover our outlook for 2026.

Daniel David Burrows

Group Chief Executive Officer & Executive Director, Fidelis Insurance Holdings Ltd.

Thanks, Jonny. I'd like to emphasize that our top priority is creating shareholder value. We are confident that our focused and strategic approach to capital allocation across our three core pillars will continue to differentiate us in the marketplace and drive sustainable value creation for our shareholders.

Turning to what we are seeing in the marketplace entering 2026. The broader environment has clearly evolved over the past year. Consistent with what others in the industry have reported, we are seeing a moderation in pricing in some areas, but importantly, we do not see this as a return to the old soft cycle. The correction we have experienced across the portfolio since 2019, including higher attachment points and tighter terms and conditions,

has created a more durable trading environment. Those features have largely remained intact. Even as headline pricing may have come off a bit, margins and adequacy across the portfolio remain strong.

It's important to note that in overall pricing terms, this is taking the market back to levels seen a few years ago, a period widely viewed as one of opportunity and margin, underpinned by underwriting discipline. When I think about the market, the message I really want to get across is that the impact as we move through the cycle is not the same for everyone. Outcomes are increasingly differentiated by not only market positioning, but also relevance to clients, quality of relationships and execution discipline. How and where and with whom you are deploying capital matters. We are confident in our ability to identify the most attractive areas of the market, to allocate capital and to know who to partner with to grow a profitable and sustainable portfolio.

Our business model affords us three primary advantages as we navigate this environment. Our portfolio is highly diversified across products, geographies and increasingly underwriting partners. We benefit from strong, long standing market relationships, and most importantly, we have the flexibility to allocate our capital dynamically. We remain focused on identifying new areas of opportunity. And we are partnering with those best positioned to execute alongside us. That's why we are confident in our ability to deliver top line growth of mid-single digits in 2026, delivering strong performance through the cycle and continuing to create value for our shareholders.

Yesterday, we announced our new brand identity, Pelagos Insurance Capital. This branding underscores our positioning as a capital allocator, working with best-in-class underwriting partners. Pelagos comes from the root of the word archipelago. A community of islands, each unique, yet connected and working together. It reflects how we're built a global community of teams, locations and trading partners, each bringing distinctive expertise and made stronger by the connections between us.

We are confident that the Pelagos Insurance Capital brand identity, which we expect to launch in May, provides greater clarity for our people, our clients and our shareholders. Highlighting our unique market presence and reinforcing our commitment to building lasting partnerships and meaningful connections.

Let me leave you with one final thought on the market. As a capital allocator, we navigate an environment shaped by macroeconomic shifts and ongoing geopolitical disruptions. The evolving risk landscape is creating new opportunities across our industry. In times of uncertainty, our sectors' ability to provide innovative solutions becomes even more relevant. For those organizations that can adapt quickly and lead with innovation, these changes are not just challenges, they are catalysts for growth and differentiation. We remain committed to staying at the forefront, leveraging our agility and expertise to deliver value for our clients and our shareholders.

And with that operator, we will now open the line for questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. We will now begin the question-and-answer session. [Operator Instructions] Before we take questions, I'd like to kindly ask everyone to please limit your questions to one primary question along with a single follow-up and if you have any further questions, please rejoin the queue. With that, our first question comes from Matt Carletti from [ph] Citizens (00:38:27). Please go ahead. Your line is now open.

Matthew J. Carletti

Analyst, Citizens JMP Securities LLC

Q

Hey. Thanks. Good morning. Thank you for the color on kind of how – the partnerships you've established outside of the Fidelis Partnership. I think that's very helpful in terms of kind of understanding how you go about it. I don't know if this is for Dan or Jonny, but as we think about kind of how that plays out going forward, new partnerships, should we think more about lines of business? Is it more about geographies that maybe you don't have exposure to? Is it more about kind of bespoke products that maybe don't really exist in the market today? I'm just trying to get a feel for kind of how your bingo card looks and what the missing pieces are?

Daniel David Burrows

Group Chief Executive Officer & Executive Director, Fidelis Insurance Holdings Ltd.

A

Yeah. Thanks. Thanks, Matt. So firstly, I'll start with, I know that was quite a long introduction, but there was a lot to talk about, a lot of detail. So if you don't get through your questions today or during this call, please come back to us, [ph] and we'll take (00:39:25) any questions you've got over the course of the coming days.

So, Matt, great question as I said, the way we think about underwriting is always to start with the risk strategy and we think about our capital allocation. So we're always looking at what is the best risk reward dynamic in the market across all of our options, so that could be underwriting or other capital actions we can take. So, we do have flexibility with the arrangement with TFP about how we deploy. Obviously, we have the ROFR, so we have the right of first refusal on any business that they originate. But outside of that, obviously, we're always looking to execute on the relationships that we've got where we see margin that's attractive to us in other lines of business that are complementary to what we're doing, or in fact in addition to what we're doing sometimes, then we're going to execute on that.

So it could be a mix of everything you just said. I think we don't close ourselves off. There are certain lines of business that aren't attractive to us. I think we've talked about aviation. Obviously, for us casualty is not in scope at the moment. We don't see them hitting our hurdles at the moment. But I think in general it's a mix. It's more about the quality of the underwriter, the track record, the leadership team, does it help to diversify, is it creating margin for the book. And that, again expanding the distribution channels that we have to new partners, geography or product line, we're entertaining all of those things and we're working hard to do that. Jonny, do you want to add anything?

Jonathan Strickle

Group Managing Director, Fidelis Insurance Holdings Ltd.

A

Yeah. I think you covered most of it, Dan, all I'd add is that it's a very high bar. I think the Fidelis Partnership have performed very well. If you look at our combined ratio this quarter, it's obviously mostly driven by them. It's down at 80%, 79% last quarter. I'm really pleased with that. And we're not going to lower the bar for new partners. They have to meet or beat that hurdle.

I think the other thing I'd highlight is where a partner does meet that where they do fit in well and have those characteristics that Dan mentioned, then we're really in a position where we can get comfortable with that very quickly. As I said, the entire management team is able to look at every opportunity. And that gives us the conviction to commit at size and for the long-term where we think that's the right thing to do.

And I think that's the key to what we bring to partners. We can leave them to concentrate on the underwriting, which is what we've done with the Fidelis Partnership and benefit from the extra alpha that's generated by allowing that time to them. And the only other bit I'd mention is, as I mentioned in the pre remarks, we're really looking to concentrate on a small number of partners and have something that's meaningful and something that can grow over time with them. This isn't something that we see being, 100, 200 partners very quickly. It's a small number of core partners that we want to do something meaningful with.

Matthew J. Carletti

Analyst, Citizens JMP Securities LLC



Thank you. And then just a quick follow-up probably for Allan. I appreciate the guidance you gave us on the net earned premium. As I look at – let's just take maybe the insurance segment, kind of the relationship between net earned and net written, it's definitely come down kind of over the 90s in 2024 kind of I got 75% kind of earnings through in 2025 and then even lower kind of that guide you gave us for Q1. So, can you just help us understand if that – you mentioned some credit type products and otherwise that have much longer earnings patterns than kind of the rest of the book. Is that what we're seeing there? And then kind of a follow-on to that is kind of that lower level that we're seeing in Q1 to be expected to kind of carry on through the year. I mean, grow as premiums grow but that relationship hold.

Allan Carl Decleir

Group Chief Financial Officer, Executive Director & Chief Executive Officer-Fidelis Insurance Bermuda Limited, Fidelis Insurance Holdings Ltd.



Yeah. Thanks, Matt, it is Allan. Yeah, we're obviously pleased with our gross premium written growth during the year of 7% and how this is flowing to our portfolio with the Q4 combined ratio of 80.6%. Three factors are really influencing that delta between earned and written. In the quarter, some of it carrying through to 2026, as you're mentioning. First of all, in the quarter, our loss experience improved on California wildfires, reducing our reinstatement premiums. And overall, our reinstatement premiums accounted for approximately 40% of the variance between written and earned growth.

Second of all, as Dan mentioned, we came off aviation business throughout the year. This accounted for another 40% of the variance between written and earned. But yes, importantly, as you said, and it will be more obvious going forward, I think that our business mix reflects the positive steps that we've taken to grow in areas with attractive margin, such as asset-backed finance and portfolio credit, which do have longer earnings patterns.

So three strong reasons for the delta between earned and written favorable loss experience, disciplined underwriting and a nimble portfolio focused on higher margin business. And as I mentioned in my prepared remarks, the net premium earned that guidance we're giving forward. And we did listen to you guys, because we know it's hard to sometimes model earned premium it's based on this new expected business mix that we have going forward. And again, the earned asset-backed financial and portfolio credit earns over sort of five to seven years rather than one to two years that something like aviation would earn it. Dan, I don't know if you want to talk about aviation.

Matthew J. Carletti*Analyst, Citizens JMP Securities LLC*

Fair enough. Thank you. Appreciate it.

Q

Daniel David Burrows*Group Chief Executive Officer & Executive Director, Fidelis Insurance Holdings Ltd.*

Yeah. I mean, we can, if you want to talk a little bit about the aviation. we did – it's very important that we demonstrate disciplined underwriting and that market, we have outlined the challenges, especially given very active loss activity over the last 18 months. We did see some green shoots midyear, especially in the all-risks market drive by that loss activity. But ultimately, the pricing did not meet our hurdles and our approach is all about risk reward tradeoff. So as a lot of that business is actually bound in Q4, it's difficult to get how that's going to emerge and how the execution is going to go. It's late in the year, and that's added to the net earned premium reduction. But part of it is price, and part of it is terms and conditions that are just non-negotiable. So I think, as I've said, governing law and jurisdiction can significantly impact loss outcomes, and we're just not going negotiate on that.

A

So we dropped 50% of the premium. But because we've got a strong capital position, because through our partnerships we've got access to market, we've still grown. There's over 100 other lines of business, and we see plenty of margin in the current environment across those. So, you've got to – if you want to grow, you've got to be disciplined, it's got to be with margin, it's got to be profitable. And that's what we're aiming to do across the market cycle. But it did impact as Allan said significantly the net earned premium.

Operator: Thank you. Our next question today comes from the line of Meyer Shields from KBW. Please go ahead. Your line is now open.

Meyer Shields*Analyst, Keefe, Bruyette & Woods, Inc.*

Great. Thanks so much. One question to begin with on the new underwriting partners, how should we think of the timeline for you ramping up to your targeted participation on their book? Is that – I mean, I'm assuming with the Fidelis Partnership it's instant. Is there a longer duration before you're at your targeted share of the newer partner's books?

Q

Daniel David Burrows*Group Chief Executive Officer & Executive Director, Fidelis Insurance Holdings Ltd.*

Yeah. It's a really good question. Obviously, when we're looking at partnerships, first and foremost it's risk reward. The characteristics are very similar in high barriers to entry in that particular market, different distribution, strong teams with good track records, with good technical underwriters. So the hit ratio is not going to be extremely high. We probably decline more than 90% of what we see. But we have identified over the last couple of years, the relationships with those teams that we see being accretive to our business plan. So, yeah, I think we're in a very strong position now given our capital strength, the performance of the business, it's working exactly as designed with the partnership.

A

So adding on the complementary new partnerships, diversifying is the smart thing to do. I think in terms of timeline, no, we don't really set a timeline, but certainly what we'll be aiming for in the medium term is 25% to 30% plus of the book with new partnerships. But look, we're also looking for growth with the TFP. So I think we're in a

strong enough position from a capital sense that we can do both so long as it's profitable. As long as we hit the very high benchmark that the TFP set and it's accretive to the business.

Jonathan Strickle

Group Managing Director, Fidelis Insurance Holdings Ltd.

A

And what makes it so hard to split between TFP and new underwriting partners is it's not really how we think about it. We don't have a plan for how much to grow with each. We have a plan for where in the market we want to grow, where in the market we think things best add to our risk profile and then we decide which partner we think is best placed to execute on that. So as the market evolves, that mix between things that TFP execute on for us and things that other partners execute for us shifts, if that makes sense, Meyer?

Meyer Shields

Analyst, Keefe, Bruyette & Woods, Inc.

Q

No it does. Second question, sort of unrelated, but as the mix shift more towards longer duration contracts, like asset-backed finance and so on, does that imply an opportunity for extending the investment portfolio duration?

Allan Carl Decleir

Group Chief Financial Officer, Executive Director & Chief Executive Officer-Fidelis Insurance Bermuda Limited, Fidelis Insurance Holdings Ltd.

A

Yeah. Thanks, Meyer, it's Allan here, obviously we do consider that as part of our capital allocation process, we are pleased with our investment portfolio producing a 4.4% yield on a year. Our return reflects our strategy that we focus on attractive investment income. While targeting an above average risk adjusted return through all cycles. We take risk, though, first of all, on the liability side, not on the asset side, and that's consistent with our capital allocation strategy. As I stated in my script, part of the investment this year was investment income reduced this year because our capital strategy meant we bought back a lot more shares during the year \$261 million worth, which as a result reduced the total amount of investable assets and as a result hit our investment income.

We also paid dividends of \$52 million during the year, contributing to shareholder return. So as we look forward, we will expect our returns to be broadly in line. Our expected return is 4% to 4.5% for 2026. But duration is always something we look at, but we're not going to do that immediately. We need to look at how new underwriting partners evolves, how the asset-backed portfolio evolves in terms of duration. But yeah, that's always a consideration.

Jonathan Strickle

Group Managing Director, Fidelis Insurance Holdings Ltd.

A

And Meyer, just to add on some of the business that we write, it's not like casualty business. It's more long tenure. The long tail is how we phrase it. And some of those asset backed finance policies. As a result of that, you get the premium over time. You don't necessarily get it all upfront. So there's not as big a shift in terms of a cash flow pattern as you might expect. If we'd gone in and written a big casualty book, for example.

Meyer Shields

Analyst, Keefe, Bruyette & Woods, Inc.

Q

Okay. Yeah, that's really what I was wondering. Thank you so much, both of you.

Daniel David Burrows

Group Chief Executive Officer & Executive Director, Fidelis Insurance Holdings Ltd.

A

Thanks.

Operator: Thank you. Our next question today comes from the line of Leon Cooperman from Omega. Please go ahead. Your line is now open.

Leon G. Cooperman

Analyst, Omega Advisors, Inc.

Q

Thank you. Can you hear me?

Daniel David Burrows

Group Chief Executive Officer & Executive Director, Fidelis Insurance Holdings Ltd.

A

Yes.

Leon G. Cooperman

Analyst, Omega Advisors, Inc.

Q

Let me say this, I've learned over the years that the value of the book for a company that function of what the return on that book value is. Given your returns, I think the way you're trading in the market, you seem to be a very well-kept secret. There's nine analysts that have forecast for you and nine analyst have you worth well below your book value, and it seems to me that you're worth well above book value. A company that could earn 15% to 18% of the book. That book is worth at least twice book value. [ph] I think, if you ask me today (00:51:52), I can see your book value over 30% and the earnings is close to \$4.5 to \$5 a share. Honestly your stock is 5 times earnings, and the market is 23 times earnings, and your return of book value is higher than the S&P, and yet your multiple is a quarter of it. So is it, are you not telling your story or you tell your story but nobody is listening?

Daniel David Burrows

Group Chief Executive Officer & Executive Director, Fidelis Insurance Holdings Ltd.

A

Yeah. That look – thanks very much, Leon. Good to hear from you. Everything you said, we agree with we're undervalued. If we think about book value growth since the inception of the business, that's up 57%. Including dividends, it's higher. Including dividends, it's 15% in the last year. Then you look at ROAE you look at the last quarter, combined ratio, there are very few better, if at all, than those numbers going forward. I don't think it's just about the numbers only, it is about the story. We listen to the messages in the market, people ask questions about the structure. Well, look at the performance, look at the growth in the business is working exactly as it was structured, as it was meant to do. There were questions around Russia-Ukraine. We've dealt with that. There were questions around the overhang in terms of liquidity. AIDA, one of the bigger PE firms have exited in 2025. We've been very front foot about buying shares in the open market, buying out PE when there is P&C opportunities, and then obviously in the diversification with partners which we're expanding now. So we think we're doing the right things to send the right message out. Consistency is key. Making sure quarter-after-quarter we're putting out these results. But Leon, be assured, we've got a big conference in Naples coming up this weekend. We'll be on the front foot, our performance is strong. You need to start thinking about us and our performance as a capital allocator and the valuation should come through. But we're working very hard on that, Leon.

Leon G. Cooperman

Analyst, Omega Advisors, Inc.

Q

Yeah. [indiscernible] (00:54:06) I'm not looking to put you out of business in terms of selling you. But I just look the Zurich Reinsurance [indiscernible] (00:54:13) I think they've agreed to buy Beazley and they pay you twice, over

twice book and about 10 times, 12 times earnings. And if somebody's in a slow growing world where people are looking at buy growth, I would think that we would be very attractive. We have multiple of earnings.

Daniel David Burrows

Group Chief Executive Officer & Executive Director, Fidelis Insurance Holdings Ltd.

A

Completely agree. And I think, as I said, if we continue on the path that we're on, then we would expect to see a similar run rate in terms of book value growth over the next couple of years. So yeah, north of 30%, absolutely. And we would expect [ph] our valuation (00:54:46) to come to par with that. We think the valuation should be a multiple of book. When you look at our results, they are exceptional.

Leon G. Cooperman

Analyst, Omega Advisors, Inc.

Q

I agree with you.

Daniel David Burrows

Group Chief Executive Officer & Executive Director, Fidelis Insurance Holdings Ltd.

A

It's got to be consistent we get that.

Leon G. Cooperman

Analyst, Omega Advisors, Inc.

Q

Okay. Okay. Congratulations on excellent results.

Daniel David Burrows

Group Chief Executive Officer & Executive Director, Fidelis Insurance Holdings Ltd.

A

Thanks. Thanks for the question, Leon. Thank you.

Operator: The next question today comes from the line of Peter Knudsen from Evercore. Please go ahead. Your line is now open.

Peter B. Knudsen

Analyst, Evercore Group LLC

Q

Hey, guys. Good morning. Thanks for taking my question. The first one, I thought the reinsurance renewal commentary was interesting. I'm just wondering if you could maybe talk about any changes to their attention if at all on the XOL program, given the 20% rate decline. And then in addition, it sounded like you guys were able to purchase an agg cover for the first time. And so, A, could you provide some details on that. And then B, what does that say about the market? Why do you think you were able to now versus I think you said in the past that wasn't available.

Daniel David Burrows

Group Chief Executive Officer & Executive Director, Fidelis Insurance Holdings Ltd.

A

Yeah. Thanks. Great question, I'll just put into context the agg, the agg we spoke about actually was not for cat. We've had agg deals since the inception of Fidelis in 2015. So specific to the natural perils, this was a volatility agg for other lines of business that we kind of said you couldn't have brought that a year ago. So that came on-board in the fourth quarter. So we're very pleased with that. But Jonny, you want to answer the other question?

Jonathan Strickle*Group Managing Director, Fidelis Insurance Holdings Ltd.*

A

Yeah. I think we found ourselves in a completely different market to a year ago, Peter. I mean, on top of the agg Dan mentioned, we also bought aggregate cover in our cat program as well. That certainly wasn't available a year ago. In terms of attachment points, I mean, the exposure going through was up in some ways. I mean, you see rates of have come off to some extent, our premiums the same.

So that aligns with that story. And we haven't had to put attachment points up at all. In fact, in some places we've been able to either bring them down or broaden coverage. We've got more perils attaching at lower attachment points in that. So we're very, very pleased. I mean, we've always said that our preference is usually, rather than to cash in on the price reduction, to spend the extra money on getting better, broader and more coverage. And that's what we've done this time. I mean, as I said, we also remain opportunistic. I think there might be opportunities to add to that program as we move through the year and what really helps us there is we can buy in any market, we buy UNL covers, we buy quota share, we buy ILWs, we buy cat bonds and we're literally looking at options every week. We're looking at some stuff right now, in fact.

Peter B. Knudsen*Analyst, Evercore Group LLC*

Q

Okay. Thanks. That's really helpful. And then I'm wondering if you guys could just help me. Maybe I'm thinking about this wrong, but maybe talk a little bit about the intellectual property line within ABF and portfolio credit. I guess in relation to some of the software concerns in the market today, is that a risk or a concern for you guys at all?

Jonathan Strickle*Group Managing Director, Fidelis Insurance Holdings Ltd.*

A

Hey, Peter. So intellectual property is something that we pulled out of a couple of years ago and we've given commentary in prior calls that we really didn't have many exposures there. I think we're down to a couple of policies that will run off over the next year or so. We've not seen any real loss activity movement on that in the past few quarters, and it's certainly not something we'd be looking to go back into.

Operator: Thank you. We have now hit the top of the hour, so this will conclude today's question-and-answer session. I'd like to turn the call back over to Dan Burrows for closing remarks.

Daniel David Burrows*Group Chief Executive Officer & Executive Director, Fidelis Insurance Holdings Ltd.*

Yeah. Look, thank you very much. We really appreciate you joining the call today. As I said earlier, if there are any additional questions, we're here to take them in the coming days and weeks. Thanks for your support, and I hope you enjoy the remainder of the week and have a great weekend. Thank you.

Operator: Thank you. That concludes today's conference call. Thank you for participating. You may now disconnect.

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