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Elaine Whelan, CFO

Throughout 2024 we continued to deploy our capital and to grow our premium base. Our gross premiums written broke through the billion dollar barrier to $1,162.4 million compared with $931.4 million for 2023. Gross premiums written since Conduit started writing business in 2021 now exceed $3.1 billion. Pricing remains favourable across most of the classes of business we underwrite, and we expect the elevated loss activity in the year to underpin continued pricing strength.

As has been noted in other statements, 2024 was another active year in terms of industry losses, with insured natural catastrophe losses in excess of $140 billion currently being estimated, in addition to a number of risk losses adding to the overall tally for the year. Despite the activity in 2024, as we are now in our fourth year of underwriting, we have a much greater ability to absorb loss events, whether those are driven by frequency or severity. The losses resulted from a broad mix of events – several smaller and mid-sized natural catastrophe and risk loss events as well as more significant ones, such as Hurricane Milton making landfall in Florida in October. As a predominantly quota share underwriter, Conduit picked up its fair share of those losses. Across Hurricanes Helene and Milton, we recorded an undiscounted net loss, after reinsurance and reinstatement premiums, of $68.0 million. That had a 9.4% impact on our undiscounted combined ratio. On an undiscounted basis, our loss ratio for 2024 was 84.4% and our combined ratio was 97.1%. That compares with the prior year's undiscounted loss and combined ratios of 68.0% and 81.9%, respectively, which reflected a more favourable loss pattern despite 2023 also being an active year for industry losses. Our reinsurance service result was $131.6 million, compared with $183.6 million in 2023, and our RoE was 12.7% compared with 22.0% in 2023. Our cross-cycle target remains to produce a mid-teens RoE, acknowledging that we will have some years with higher returns than that mid-point, and some years with lower returns.

On the investment side, we produced an investment return of 4.0% compared with 5.8% in the prior year. While we have a total return view of performance, 2024's investment return reflects a higher-yielding portfolio with higher net investment income in addition to growing the assets under management and our investment leverage. Book and market yield at year-end were 4.1% and 4.8%, respectively, versus 3.7% and 5.1% for the prior year-end. There was a significant reduction in yields and narrowing of credit spreads during the latter part of 2023 which drove higher mark to market unrealised gains than in 2024, which conversely saw an increase in yields towards the end of the year. In terms of strategy, we have maintained a short-duration, highly liquid, high-quality investment portfolio, with our primary investment aim being capital preservation and liquidity to support our underwriting activities.

Our reinsurance finance expense was $30.8 million compared with $32.8 million for the prior year. Net interest accretion increased to $37.6 million versus $26.0 million in the prior year as our reserve balances continued to grow and therefore produce more discount to unwind. Revaluing reserves to current rates at the end of the year produced an income of $6.8 million in 2024 to offset the net interest accretion versus an expense of the same amount for 2023, reflecting movements in yields.

Operating expenses have increased in dollar terms as we continue to recruit talent to the business, but the ratio is reducing in line with expectations as our earnings base matures.

Lastly, as we continue to grow our book with balance in mind, we have more than enough capital to execute our plans and we have once again declared a final dividend of $0.18 per share, which will be paid in April 2025.

Elaine Whelan
Chief Financial Officer
26 February 2025