

MPS |




# Protection **with** purpose

The Medical Protection Society Limited

**2025 Annual Report  
& Financial Statements**



**When I got home, there it was. The letter I was dreading. A complaint. To say I felt fear doesn't cover it. It is just the most daunting thing – and you feel so alone with it. For once, I couldn't ask for help from my family. It just felt like it was too much, and I didn't want to go there.**



**I nearly gave up so many times...  
I **can't** count how many times.  
I didn't **believe** in myself as a  
doctor anymore – **how** could I?  
It was too **much**, and I'd pretty  
much stopped **talking** about it.  
I just felt I couldn't be **helped**.**

## “ I was sitting in my living room one Sunday evening when a police constable knocked at my door.

She said they'd been trying to ring me regarding a historical sexual abuse allegation and that I should ring the investigating officer. She couldn't give me much information other than the allegation was about treatment from thirty years ago.

When I phoned the police, I couldn't get any more information about it. They said I needed to come to the station to give a statement and asked if I wanted to come alone or bring legal representation.

I was floored. My worst nightmare had become reality.

My wife said that I would absolutely have to bring a solicitor with me. All I could think was "how am I going to afford that?" I'd just finished putting my kids through college and still had a mortgage. I couldn't afford legal representation!

I sat in complete shock, totally isolated, not wanting to worry my family, but not having a clue what to do and no idea where to turn. My wife then reminded me that I had been a member of Medical Protection when I was working. Would it still count? Would they help me thirty years after the event? I thought "I'll give them a call and see what they say".

From the minute they answered the phone, I knew I'd come to the right place. I can't explain enough how warm, helpful, understanding, and sympathetic the woman I spoke to was, and I never felt alone again throughout the entire case.

Straight away she said she'd organise legal representation who would accompany me to the police station. She also advised me to tell my family and my friends because living in a small community, it might well get out. Hanging up the phone, I felt so much better, I had a plan and, more importantly professional and expert help.

Shortly after hanging up, a partner in one of the biggest law firms phoned to say she'd be representing me and would accompany me to the interview. I was very reassured to have such an experienced person supporting me. She briefed me on how the interview would work and off we went.

The interview went fine with her by my side. I dread to think how it would have gone if I'd attended alone. I'd have tied myself in knots in my desperation to defend myself against this totally unfounded allegation.

Immediately after the interview, my solicitor told me that she'd been involved in quite a few of these cases and this one was ridiculous. It should not be seeing the light of day, never mind going to court. But go to court it did. My solicitor discussed this with Medical Protection, and they arranged a consultation with one of the best barristers around. She had considerable experience in this type of case. Medical Protection spared nothing, obtaining the best legal advice available.

As well as a solicitor and a barrister, I also had a Medical Protection adviser, Sarah, to support me. Sarah was always at the end of the phone when I needed her and that made a huge difference.

Between that day in the police station and the day it went to court, I lost one and a half stone (10kg) in weight and couldn't sleep. Without Medical Protection, I wouldn't have survived it. Sarah was always there, reassuring me and advising me. I never for one minute felt alone. They saved my sanity and that of my family. It's hard to put it into words just how much that means.

Standing in the dock on the first day of court, seeing the media in the gallery waiting to break the story, if not for the reassurance of my legal team that the case would be dismissed, I don't know how I'd have coped.

It's hard to describe the relief when the complainant falsified her evidence and the Judge, after discussion with my legal team, found that there was no case to answer and dismissed the case due to lack of evidence. I felt a weight lift from my shoulders immediately, and for the first time in 14 months, I felt I could breathe properly. I felt free.

Sitting here today, I cannot begin to describe how glad I am that on that day almost 40 years ago, when, as a third-year medical student, I weighed up joining the MDU or Medical Protection and, after discussion with some of our Seniors, who strongly recommended them, I plumped up for them.

People often ask what would you tell your 20-year-old self? Well, I'd tell mine, "That's one of the best decisions you'll ever make."



## “ After twenty-three years as a member, always hoping I'd never need their help, I received an email from the dental council telling me a complaint had been made against me, and they were opening an investigation.

There was almost no information about what I was supposed to have done. I was devastated. With an unblemished record, I felt like I had failed.

I phoned Dental Protection straight away and spoke to someone who truly understood how frightening this was. She let me talk, listened with real empathy, reassured me that this was standard dental council procedure, and explained the next steps. I was quickly assigned both a solicitor and a Dental Protection adviser, Lauren.

The solicitor dealt with the legalities, but it was Lauren who got me through the emotional impact. Being investigated is an incredibly lonely experience; unless you've lived it, you can't understand it. Over the two-year investigation, Lauren was always there.

I hate email, constantly worrying that I'll miss something, so having her at the end of the phone, calling me back immediately, sometimes even checking in with me when there was no update, was a lifeline. She stayed right beside me, completely non-judgemental and endlessly supportive.

What hurt the most was seeing the regulator's wording: "you did this," "you didn't do that," as if they automatically believed the patient and assumed I was lying. For someone who has always put patients first, those accusations cut deeply. My barrister told me early on, "This should never have got this far," which helped - but only a little.

The whole process came in waves: frantic deadlines, then months of silence, then another surge of demands, and more silence. For those two years, I second-guessed every patient, constantly wondering if another complaint would follow. I worried that people would find out, I'd told nobody except my family. I was ashamed, embarrassed that my notes weren't as they should have been and eventually ended up on Prozac.

When I learned the hearing would be virtual, I panicked. I'm not tech-savvy at all. Before this started, I'd never even used Word, let alone Zoom. But Lauren immediately promised she'd be with me in person every day, along with my solicitor and barrister, handling all the tech so I could focus on getting through it. Knowing that changed everything.

The hearing was every bit as horrendous as she warned - five full days of hell - but she sat beside me, regularly asking, "Are you OK?" and somehow, I got through it. On the fifth day when the message came through that they were dropping the case due to lack of evidence, I could barely process it. Even when my barrister told me, "Go away, live your life, you've no case to answer," I still couldn't believe it. "But what about my notes?" I asked, "I thought they said they weren't good enough." And Lauren said, "That's it, it's over, they've dropped everything." I was so blinded by tears, I could hardly see her face.

A colleague once said that a regulatory investigation is "a hell you may never come out of." And it truly was hell; but without Dental Protection, and especially without Lauren, I honestly don't think I'd still be practising today.

All those years I thought I was paying for legal support, hoping I'd never need it. In the end, it was the emotional support that made all the difference. That's why I recommend Dental Protection. Yes, they provide exceptional legal expertise, but they also understand the emotional impact when your professional integrity is at stake.

*Dentists for dentists, as they say - and it's true."*



# Our purpose

We support and protect the careers, reputations, and financial security of doctors, dentists, healthcare professionals and organisations worldwide.

# Our vision

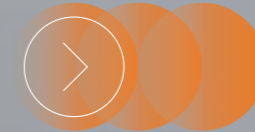
To provide the most trusted, valued, and expert protection to members when they need us the most, through exceptional people, in a sustainable way.

# Our culture and values



## We act with Courage

We use our collective expertise to make responsible decisions, constructively challenging norms, appreciating diverse perspectives and creating an open and honest environment.



## We create Value

We provide value for members by achieving operational excellence and commercial success. We do this by being innovative, agile, resilient and continuously seeking improvement.



## We bring Passion

We hold a deep commitment to both members and colleagues. We live our values in a supportive environment with a sense of purpose.



## We deliver Together

We collaborate, valuing global connectivity and diversity in an inclusive culture where everyone feels they belong.



## We take Ownership

We take ownership of actions to enable success. We promote trust by delivering on our commitments to members and each other.

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# Chair's report

Dear members,

It has been an invigorating two years as your Chair, and our work as an organisation remains as deeply meaningful as when I took on the role. The vital purpose of this Society, to support you when you need it most, so you can deliver the best possible care to your patients, remains my beacon.

Reading the compelling stories shared by fellow members earlier in this report reminds me of the lengths MPS goes to when supporting its members. MPS has always been there when I needed them most, throughout my clinical career, giving me the peace of mind to care for my patients, knowing our experts are always there to give me advice and protection. The support I received made all the difference, giving me the strength to deal with the challenges and carry on, and I know they bring that same commitment to every interaction with our members.

I come from a clinical family, and MPS has protected us all – my father, brother, sister in-law, and wife. Being an MPS member, whether through Medical, Dental, or Healthcare Protection, means joining a global family. This is my key motivation to ensure you feel just as secure within the MPS community.

Over the past year, I had yet another chance to interact with many of you, often meeting at conferences. It is always humbling and a privilege when members walk up to you just to say: "Thank you MPS for being there when I needed you!"

Of course, we are here to help when things go wrong, but our role extends far beyond that. We see ourselves not just as a safety net, but as a friend and partner too, here to equip you with the tools, advice, and confidence to thrive in your career.

Through initiatives like risk prevention, professional development and The MPS Foundation, we focus on keeping you ahead of the curve. Whether it is building safer practices or staying on top of a rapidly changing healthcare landscape, our aim is to empower you to grow and succeed. These efforts are what set us apart, making membership more than just a safeguard; it's a genuine advantage.

We have had yet another year of incredible performance by the various teams behind all this progress.

## Transition and progress

MPS has a long and proud history, but we are by no means standing still. We are continuing to evolve, innovate, and sharpen our focus. From leadership transitions to new strategies and initiatives, we are laying the groundwork for a stronger, more responsive MPS. I invite you to read more about this exciting work in our CEO's Report on page 18.

We are making significant investments in the capacity and capability of our executive and leadership teams, to ensure we can effectively deliver our strategy and target operating model. These enhancements strengthen our ability to provide a secure, high-quality service to members, so we remain fit for purpose in an evolving world.

As part of this growth, our governance plays a crucial role. Our Council is a true Board of Directors, representing you, our members, with focus and purpose. My colleagues on Council come from a wide variety of backgrounds within the worlds of business and healthcare, bringing great experience and knowledge to the role but, true to our Articles, the majority are doctors or dentists, ensuring the voice of members is always heard and paramount.

Our decisions ensure the organisation remains strong and sustainable, benefitting not just members but also the wider healthcare community. Together, we are committed to moving this organisation forward to meet the demands of an ever-changing world.

It is also encouraging that we are recognised formally for the outstanding work we already do, having been finalists in six industry-level awards across our teams and winner of *In-house Legal Team of the Year (Small Firm)* at the British Legal awards.

## Update on the new UK Code of Practice

We saw the introduction of a new Code of Practice for medical defence organisations (MDOs) in the UK in January 2025, an idea we proposed in 2019. The aim of this was to set out a range of principles which, amongst other things, reaffirms our long-standing commitment to transparency and to treating members fairly.

We have since engaged with a group of academics, appointed by the UK government, to carry out a review of the extent to which the MDOs have implemented the Code of Practice. We expect the academics to publish a report in early 2026 setting out their findings – this will be followed by a second phase of the review, looking into the impact of the Code.

## The MPS Foundation

As the previous Chair of The MPS Foundation, I am keenly invested in its progress. The Foundation has been busy this year, particularly with the 2025 Grant Programme. Applications opened in March and closed in early May, with 373 expressions of interest from across our jurisdictions – including some covering multiple countries. Of those, 130 Lead Investigators were MPS members. Projects span a wide range of topics, from investigating psychological flexibility, moral injury and doctor wellbeing in Malaysia to a global project on AI-supported dental record self-auditing. There were 10 new projects in 2025, including our first in Australia, contributing to the now 62 projects funded through Foundation grants.

Last year, I highlighted the exciting creation of a Post-Doctoral Research Fellow at the University of Exeter. I am happy to report that Dr Fatma Sabet was successfully appointed to the role, and the project is underway, scheduled to conclude in 2026. I am happy to announce that we are supporting another Fellowship, looking at supporting surgeons after adverse events as part of a current project, which we will recruit for in 2026.

Artificial intelligence (AI) remained a hot topic and with the launch of a white paper through one of the Foundation supported projects, we hosted an AI symposium. Over 1,800 professionals attended to learn about making AI work for clinicians, unlocking potential for patients.

## A grateful farewell and exciting new beginnings

I want to recognise the outstanding contributions of Jane Dacre, Callum Youngson, Fiona Cornish and Tom Weitzman, who all stood down from the Council this year, for their leadership and contribution to MPS over the years. At the same time, I'm thrilled to welcome Uma Baska and Catherine Rutland who join the Council as Non-Executive Directors – Catherine is also the new Chair of the Dental Board. Their energy and governance expertise will go a long way in bolstering our commitment to innovation and progress.

In addition, Council reviewed how it gains professional insight and how it can strengthen the support we provide to members. As a result, Council decided to reshape the Medical Committee and the Board of Dental Protection Limited. Both bodies have contributed greatly to our understanding of developments in medicine and dentistry. Council is now investing in the skills and expertise available to it and is enhancing the insight and data it receives so that members remain central to every decision. We will establish new advisory groups to inform and support the Executive, which will be more agile and more closely aligned to the evolving needs of our medical and dental members.

As ever, you, our members, remain at the heart of all we do as we move forward.



Graham Stokes  
Chair of MPS Council



# Letter from the President

This will be my last annual report as President of MPS, with my tenure finishing in June 2026. It has been an immense privilege to serve you in this role, and I want to thank the collective efforts of colleagues, stakeholders, and of course, our members.

I took on the role of President of MPS on 1 October 2018, after standing down as President of the Royal College of Physicians not long before. In my eight-year tenure, I have had the privilege of meeting many members and advocating for them.

I have worked to support the strategic direction of MPS, ensuring that the views and needs of our members are heard and reflected in Council decisions. As a physician myself, I have striven to ensure decisions reflect the needs of a constantly changing workforce, which is under strain. I have also held us to our purpose and values so that MPS keeps members at the core of all we do.

When I began my role in 2018, healthcare professionals around the world were facing very real challenges and increasing pressure in their daily working life. The pressure on healthcare professionals seems to have only increased since then, bringing new pressures to a workforce that is already overstretched. With the rapid pace of change in dentistry and medicine, including the additional challenges created by the pandemic, MPS has developed and adapted to new ways of working, for the benefit of members.



## Organisational growth

The culture of the organisation has shifted during my time, with a keen focus on inclusivity, addressing inequalities, and promoting women in leadership. Examples include concerted efforts to reduce the gender pay gap and significant progress in ensuring diversity on Council and in our Executive team. We protect a diverse membership from across the globe in a range of disciplines, so I am pleased to see our decision makers at MPS reflect our membership.

## Campaigns

I have seen us speak up and push forward important policy contributions across the regions in which we support members. For example, in the UK, this has included calling for the GMC's right to appeal tribunal decisions to be stripped, as well as leading a campaign in collaboration with other organisations that supports doctors to retain important safeguards which enable the sensitive handling of investigations into colleagues who are unwell.

In Ireland, we coordinated 14 leading organisations representing doctors, dentists, and patients, as well as legal firms, to urge the Irish Government to implement pre-action protocols, which would play an important role in speeding up processes, reducing legal costs and reducing the impact on the wellbeing of both the patients and healthcare professionals caught up in the process.

We have campaigned tirelessly for issues impacting members around the world, including on wellbeing and burnout. We surveyed members to understand the current situation and raised awareness of the changes and resources needed to improve doctors' and dentists' daily working lives.

I am also particularly proud of our work to support women in the profession. This has included reviewing what more we could do to improve the support we provide to members who are victims of sexual misconduct, leading campaigns to raise awareness of the impact of menopause on doctors and championing research into supporting mothers in medicine. The work on providing support to victims of sexual misconduct extends to any and all healthcare workers.

## The MPS Foundation

I cannot reflect on the past years without celebrating The MPS Foundation and all the work involved in setting up and supporting it. It has been running for five years now and has established its position as a respected source of advice, guidance and resource for research into areas that were previously under-recognised and under-valued. We invested into research on patient safety and prevention of harm, as well as doctor and dentist wellbeing with over 62 global projects now funded. This in turn produces outputs that we can share directly with members to make the workplace a better, safer, and more sustainable place.

## Lessons learned

The key takeaway that I have from my time at MPS is that the members really are at the heart of everything we do. It is vital that we continue to listen, learn, and work for our members. Throughout many global challenges and relentless upheaval, our members have shown us what it is to be resilient and exceed in hugely demanding circumstances. It is this dedication that constantly inspired me to drive change, and it is energy that will propel me into my next chapter.

## Ongoing work

A new President will be appointed later this year, and I am confident that they will enjoy the role as much as I have and will continue to drive forward new ideas and innovation.

Thank you for the trust that you, our members, place in us. It has been an honour to hold this role, and I remain profoundly grateful to everyone who continues to contribute to our shared purpose and ongoing progress. I look forward to seeing MPS continue to flourish in the years ahead.

**Professor Dame Jane Dacre**  
President

# CEO's report

## We appreciate the pressures, expectations and technological change facing clinicians in their work today.

In that context, our focus has been on protecting careers, reputations and financial security, whilst also supporting the wellbeing of members.

We formulated our five-year strategy to improve member value and strengthen the service and support we provide. We are transforming the business and ensuring it is future-fit through investment in systems, people and processes.

Feedback from members has been key to gaining insights and helping us to design the services of the future.

2025 has been the initial year of implementation of our new strategy and has involved detailed work across teams. We can report good progress, creating the foundation for growth and even better member services.

During 2025, we opened 22,483 cases, providing assistance to members facing a wide range of challenges, including complaints, regulatory investigations, clinical negligence claims, and criminal proceedings. We also closed over 2,000 claims. These numbers represent thousands of doctors, dentists and healthcare professionals navigating difficult moments in their practice. When a claim is resolved fairly, members can return their energy to clinical work and to the people who rely on them. When a case is opened promptly and managed with care, uncertainty is replaced with clarity. These outcomes, and the peace of mind they bring, are how we measure our work.

We continue to manage the Society prudently, ensuring we remain financially strong, resilient, and able to meet our commitments to members long into the future.

### Focus on Members

Through the Chief Member Officer (Dr Rob Hendry) and his team we have increased our focus on member insights and member centrality across the organisation. We have also strengthened governance and controls and reinforced our commitment to treat members fairly at every step.

### An enhanced digital journey with visible steps along the way

Most members contact us for routine matters. They want the flexibility to manage these tasks online, at a time and place that suits them, often at the end of a demanding working day. To meet this need, we have begun work on a new subscription administration system and enhanced digital capability which will allow members to self-serve for many everyday requirements, while continuing to provide the personal guidance and support that defines our relationship for more complex matters.

Alongside this work, we are redesigning and refining our processes so that decisions are clearer and quicker, and your experience of MPS is calm and supportive from the outset. Improved digital capability and streamlined underwriting will make joining MPS easier for new members.

We have set an ambitious digital agenda, with phased, major enhancements planned through to 2029, delivering meaningful improvements at each stage. That timeframe reflects the scale and importance of the work and the care required to deliver it well. We are not waiting until the end of that journey to deliver benefits. Improvements are already being felt. Referral times are reducing, quotes are quicker, and communications are clearer, so that members know what to expect and what will happen next.

### Building resilient systems that keep people safe

In November, I represented MPS members at the Medical Professional Liability Association's International Conference, where discussion focused on the risks and legal liabilities associated with artificial intelligence in healthcare. Amongst other topics, we discussed the AI white paper, funded by the MPS Foundation, which provides helpful guidance on clinical liability when utilising AI tools. While AI has drawn particular attention this year, new technologies and platforms continue to emerge, raising broader issues of data protection and system resilience. These considerations are as relevant to MPS as they are to the wider healthcare sector.

During 2025, we upgraded our platforms and achieved ISO 27001 accreditation for data security and resilience. This work strengthens protection for members and colleagues, and provides a secure foundation for the next stage of change.

### A global commitment to local understanding

MPS is a global organisation with members across many regions. That scale gives us insight into differing needs and brings with it a responsibility to respond with care and understanding. Conversations with members and partners throughout the year have informed how we structure our support and how we communicate globally.

We continue to invest in our in-country presence, strengthening direct services to members, understanding local conditions, and adapting our support accordingly.

We also support members who move and practise internationally. This year, we extended protection for members in Hong Kong to cover practice in the Greater Bay Area at no additional cost, and we increased support for international medical and dental graduates transitioning to practise in other countries where MPS offers membership.

We have also deepened collaboration between our medicolegal and dentolegal experts and the teams who design and deliver our services. This connection brings practical clinical understanding into decision-making. The same principle guides recent changes agreed with Council, enabling the co-option of specialist expertise from different regions and disciplines when specific issues require it.

### Culture and wellbeing that support better service

Wellbeing matters for colleagues as well as members. We are working to build a more connected and supportive workplace where people can do their best work. A healthy, inclusive culture is reflected in the way we serve members. When colleagues are supported, members benefit.

Further detail on how we are investing in learning and development, advancing equity, diversity and inclusion, and strengthening connection across the organisation is set out in our People report.

### Recognising progress and the journey ahead

Some improvements take time. Others are already in place. We continue to move steadily, listening carefully and adjusting based on what we learn from members and colleagues. Progress is not measured only by systems delivered, but by calmer conversations, clearer decisions, and reduced stress for professionals working under pressure. These outcomes remain at the forefront of our thinking.

### Looking ahead

I am encouraged by the progress made this year and the momentum building across MPS. We will continue to refine our services, invest in people and technology, align expertise with operations, strengthen international support, and advocate for safer practice through our Foundation and our guidance on emerging issues. Each step serves the same purpose: protecting healthcare professionals and supporting their wellbeing so they can focus on patients.

As we look to the year ahead, I would also like to recognise colleagues who have joined our leadership team. Nirven Maharaj joined as Chief Commercial Officer, International, strengthening global operations and supporting a consistent member experience across regions. Amy Shah joined as Chief People Officer and is leading work to build a connected, inclusive workplace where colleagues can thrive. Adam Miller joined as Chief Information Officer and is developing our technology vision, strengthening cyber security, and establishing a strong foundation for digital capability at MPS.

Thank you for the care you provide every day. Thank you for your continued membership and trust in MPS.



**Karen Miller**  
Chief Executive Officer



# Financial performance report

MPS continued to strengthen its financial position in 2025, generating a surplus of £83.1m with positive investment returns and stable subscriptions, using funds to support members and invest into the future of the Society, member and colleague experience.

## Mutual performance

MPS contributed a surplus of £83.1m to the Fund, before remeasurement of the defined benefit pension scheme. Subscription income increased by 1% to £309.8m. Importantly, subscription fee increases remained below claims inflation for much of the membership, demonstrating our continued commitment to affordability.

Overall, claims reserves increased by 4% in 2025, consistent with expectations. Operating costs increased by 7% to £113.7m as we invested in our people, supporting the New World Strategy. We also upgraded major aspects of security and infrastructure, across both IT and property, investing £29.7m. As with many businesses, the economic inflationary pressure had a major impact through the year.

The investment fund generated returns of 5.9% in the year. These returns allow MPS to manage against future inflation and near-term hedged positions against interest and foreign exchange exposures derived from the MPS claims reserves. Management remains confident that the diversification and long-term return profile of the fund ensures we can appropriately compensate existing and potential future claims.

## Managing the increasing costs of membership and the Society

Claims reserves relate to confirmed assisted matters during 2025 and prior years. Claims costs in 2025 increased by 4%, reflecting inflationary pressures. Including estimated potential future costs (EPFC), long-term trends indicate increasing costs in some of the Society's key markets.

The 7% increase in MPS's operating costs reflects continued investment in people, including further development of expertise in frontline teams, IT and transformation. Inflation accounted for approximately 4% of the year-on-year increase.

During the year, £25m was invested in technology, supporting improved efficiency, member experience and operational resilience. A further £5m was invested in upgrading the office estate in Leeds and London, enhancing facilities for colleagues and tenants across these locations.

### Costs as presented in the Consolidated Statement of Comprehensive Income (page 55)

|  | 2025       | 2024       |
|--|------------|------------|
|  | £m         | £m         |
| Claims costs and associated legal costs        | 162        | 152        |
| Advisory costs and associated legal costs      | 70         | 63         |
| Education, publications and external relations | 9          | 8          |
| Administration expenses                        | 76         | 67         |
| <b>Total</b>                                   | <b>317</b> | <b>290</b> |

### Costs managed by the Society

|  | 2025       | 2024       |
|--|------------|------------|
|  | £m         | £m         |
| Net cost of claims reserves  | 166        | 162        |
| Operating expenses, including internal cases and claims handling costs and insurance | 114        | 105        |
| Investment in technology and estates   | 30         | 15         |
| MPS Foundation   | 2          | 1          |
| Non-recurring costs/property adjustments   | 5          | 7          |
| <b>Total</b>   | <b>317</b> | <b>290</b> |

## Investment fund performance

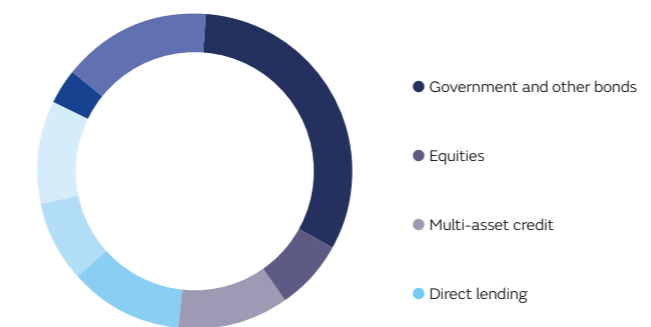
The global economy delivered modest yet resilient growth in 2025 against a backdrop of geopolitical uncertainty. During the year, equity markets posted solid gains, while easing inflation and the early stages of interest rate cuts supported a recovery in fixed income markets. At the time of writing, ongoing geopolitical developments continue to contribute to periods of volatility in investment markets and may influence the outlook for inflation and global trade. Management continues to monitor these developments and their potential implications for the Fund.

The Fund remains well diversified. The long-term investment approach is intended to support the navigation of short-term market volatility while seeking to deliver sustainable long-term returns for the Society.

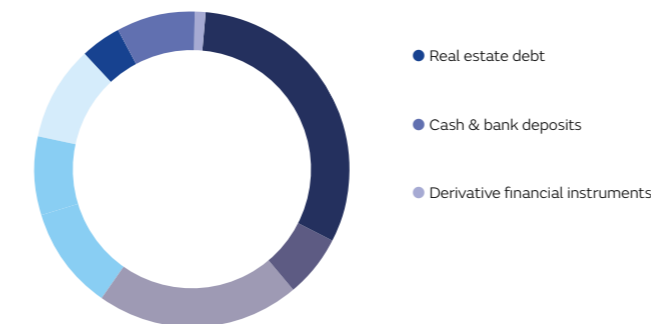
In line with this approach, the Fund is subject to an annual review of risk and return to ensure it continues to meet the objectives of the Society. During 2025, a number of adjustments were made to the Fund. As at 31 December 2025, a higher than usual cash position was held pending deployment into new opportunities.

Despite the uncertain macroeconomic outlook, total assets under management increased by £141.6m to £3.15bn at the year end. This reflects net inflows and an investment return of 5.9%.

### Investment assets by class 2025



### Investment assets by class 2024



## Financial resilience and transparency

As noted in the Chair's Report, the Code of Practice for UK-based MDOs was adopted on 6 January 2025. The financial attestation assesses the Society's ability to meet its total indemnity estimates, including claims where discretion has been exercised and anticipated future requests for assistance. These future matters, if discretion is exercised, may become recognised liabilities and are referred to as our Estimated Potential Future Costs (EPFC).

Total indemnity estimates amounted to £1.63bn (2024: £1.54bn). Net funds available for members, after consideration of EPFC was £1.47bn, compared with £1.45bn in 2024. Maintaining positive Net Funds, with significant headroom is a critical financial metric that considers MPS's ability to meet long-term liabilities whilst remaining resilient to unforeseen events outside of management's control. Further details of the financial attestation are provided in note 22.

This financial strength underpins our commitment to past, present and future members.

## Outlook

Clinical negligence costs continue to rise without signs of slowing. While there was some optimism around interest rate reductions and easing inflation towards the end of 2025, the geopolitical environment remains highly fluid and continues to evolve.

The Society's financial strength, investment approach, and New World Strategy, underpinned by its purpose provides a stable foundation as it moves into 2026.

The Society is investing in its transformation, alongside a disciplined approach to managing claims costs and supporting members. These actions are intended to support long-term value for members and strengthen the Society's position as it navigates a changing operating environment.

I would like to thank colleagues and members for their continued support and commitment as we move forward together, confident in the Society's long-term strength and direction.

**Richard Pile**  
Chief Finance Officer



# Our business model

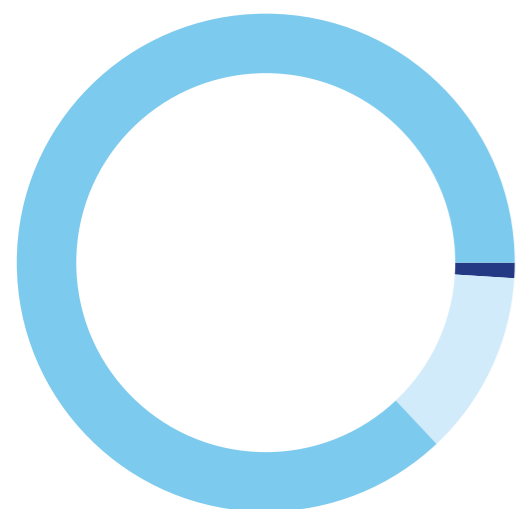
MPS operates as a mutual, sharing the benefits and spreading the risks across the membership. We are funded by the subscriptions of members and supported by the gains from investments. These subscriptions provide the resources that allow us to deliver support and benefits when members need them most. For the majority of our members, these benefits are offered on an occurrence basis, with a smaller proportion receiving support on a claims-made basis.

MPS is not an insurance company. All membership benefits are provided on a discretionary basis, as outlined in paragraph 40 of our Memorandum and Articles of Association. This discretionary approach gives us the flexibility to respond to individual circumstances and act in the best interests of members.

Alongside our mutual offering, the MPS Group also provides an insurance product through a Lloyd's of London syndicate. Further detail is available in the Our brands section on page 23.

All member subscriptions are pooled into a mutual fund, which is carefully managed and invested to ensure long-term financial strength. We take a measured, forward-looking approach to risk so that we can continue to protect members against emerging challenges as healthcare and legal environments evolve.

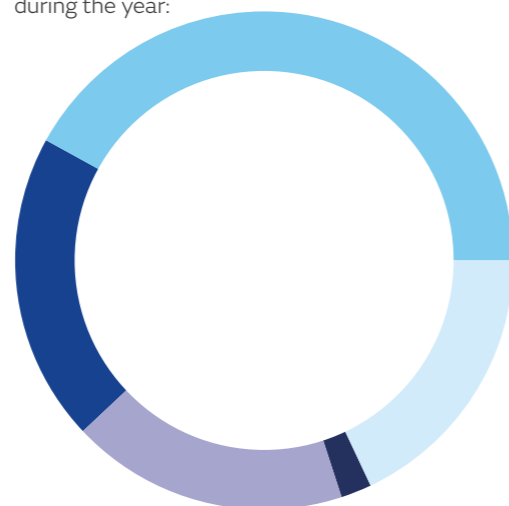
## Where our funding comes from



- Member subscriptions **87%**
- Net income from investments **12%**
- Other income **1%**

## How we spend the member fund

MPS does not have any shareholders or investors to whom we pay dividends, nor any lenders to whom we pay interest. We exist purely for the benefit of members. With this in mind, we spent the following during the year:



- Claims costs and associated legal costs (including costs of insurance taken to reduce our risk) **42%**
- Administration expenses **20%**
- Medicolegal/dentolegal advisory costs and associated legal costs **18%**
- Education, publications and external relations **2%**
- Other expenditure (page 55) **18%**

# Our brands

Our portfolio contains several brands, operating as part of a highly specialised product and service suite. These brands include:



## Medical Protection and Dental Protection

Medical Protection and Dental Protection provide discretionary indemnity, legal support and protection for doctors, dentists and healthcare professionals around the world. Membership also includes benefits such as 24/7 emergency assistance, wellbeing support, and access to our world-class risk management training.



## Healthcare Protection

Healthcare Protection is our corporate policy that provides medical malpractice insurance. Established to bring the trusted MPS brand to insurance, via a solution underwritten through Lloyd's of London – the world's specialist in the insurance and reinsurance market.



## MPS Partnerships

MPS Partnerships provides bespoke packages for organisations using our two core services: medical malpractice insurance and individual indemnity. These solutions enable healthcare organisations around the world to protect their organisation's financial security and reputation alongside the careers of their clinicians.



## The MPS Foundation

The MPS Foundation is a global not-for-profit research initiative. It aims to shape the future of patient safety through funding groundbreaking research that makes the world safer for patients and clinicians, with an emphasis on research whose findings can be applied in private hospital and outpatient practice, and dental care environments.

# Key markets

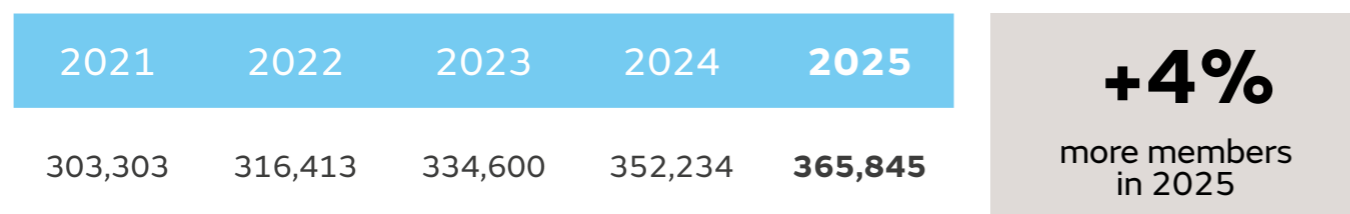
MPS offers membership in a number of international markets. This international perspective allows many members to practise around the world and still enjoy the benefits of MPS membership. It also allows MPS to use its wide and diverse experience for the benefit of all members.



\*Non-indemnity dental membership

# Operational performance

## Membership



## Cases & Claims

**22,483<sup>1</sup>**

New cases opened on behalf of members across the world in 2025

(2024: 20,538)

**17,324**  
Medical

(2024: 15,784)

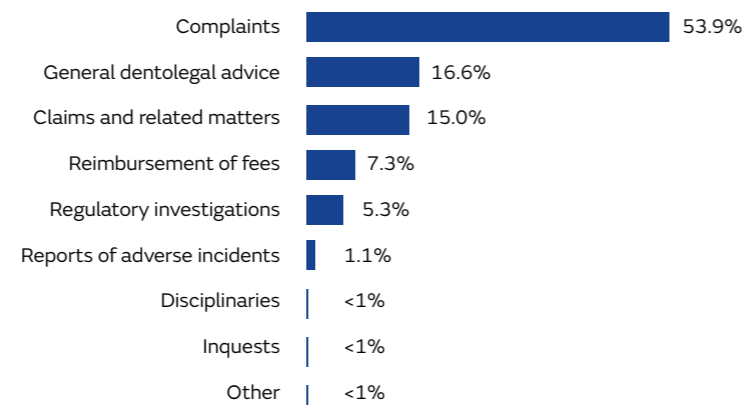
**5,159**  
Dental

(2024: 4,754)

### Case type Medical



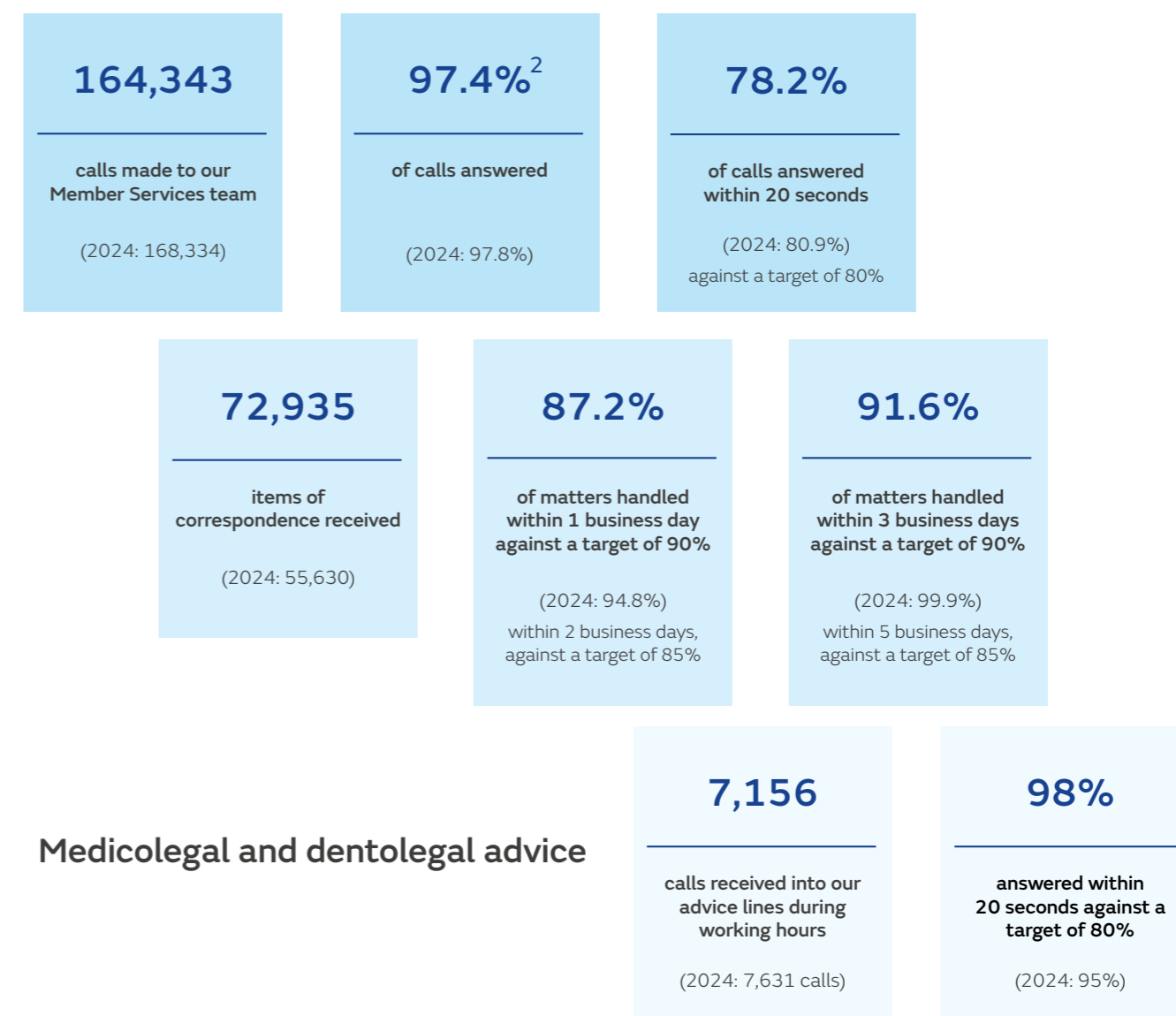
### Case type Dental



## Member administration

This year, as part of our New World Strategy to build a high performing culture, we have introduced more stretching service targets across our member administration team, so that our targets now better the standard of service we want every member to experience. We set more ambitious expectations for written correspondence, the majority of which is via email.

In 2024, member responses were measured against a two and five business-day response standard. This year the expected response times were shortened and the target increased to 90%, strengthening our long-term focus on quality, responsiveness and trust. This means that our performance in 2025 is not directly comparable with the previous year.



## Medicolegal and dentolegal advice

### Global Net Promoter Score<sup>3</sup>

| NPS                       | 2025 | 2024 | Change |
|---------------------------|------|------|--------|
| MPS Global                | 57   | 55   | +2     |
| Dental Protection Global  | 52   | 54   | -2     |
| Medical Protection Global | 59   | 56   | +3     |

<sup>1</sup> New cases opened in 2025, breakdown by case type: figures as at 31 December 2025

<sup>2</sup> 2.6% of calls not answered include those not connected or ended by the caller

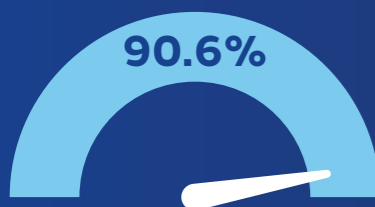
<sup>3</sup> 12-month rolling global NPS (Net Promoter Scores) survey of members who contacted MPS in 2025; maximum score = +100 and minimum score = -100, with +50 considered 'Excellent' for any service provider; results as at 31 December 2025

# Learning & Insights

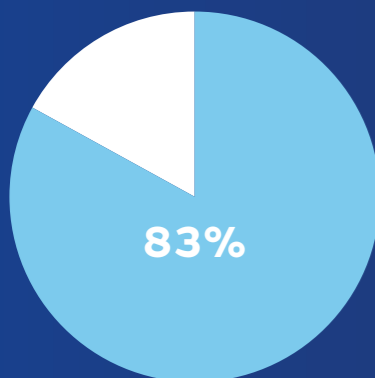
Net Promoter Score  
Target = 55



Overall satisfaction  
Target = 86%

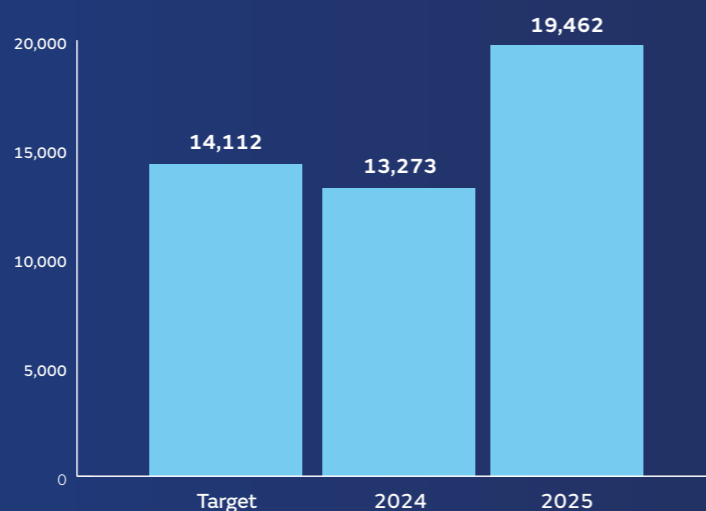


Impact  
Target = 83%

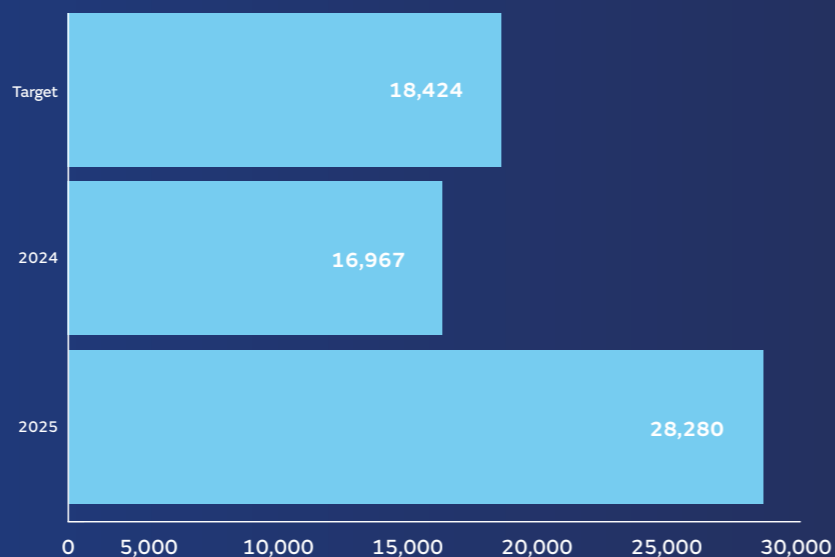


Likelihood of changing practice as a result of the learning

Learning Hub active users



Course completions



## Feedback

“Wow, thank you MPS and Prof Brennan for a truly excellent, engaging and useful presentation. I was not expecting this!

*Understanding human factors to improve clinical performance and patient safety (11 August 2025)*

“What an eloquent talk! I will probably see this webinar another couple of times before my interest wears off

*Doctors for doctors: Practitioner health service and your wellbeing (10 August 2025)*

“Will take course content into practice

*Experts in the Dock (18 December 2025)*

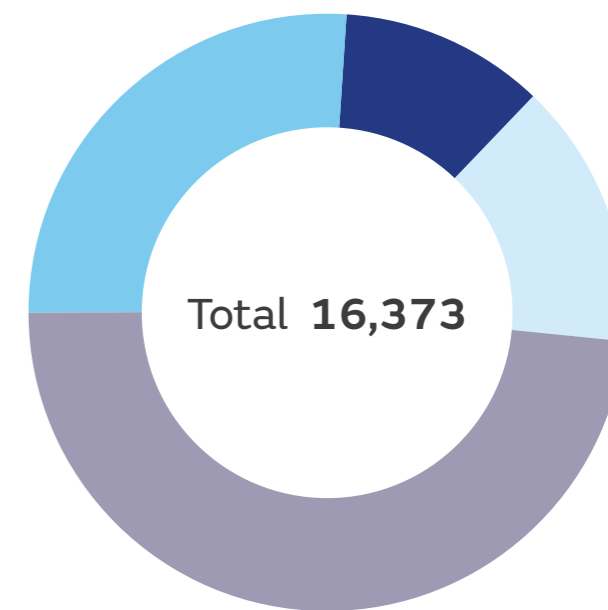
“Will recommend this activity to other colleagues

*Humble Sleep (3 July 2025)*

“Wonderful webinar – would have happily paid for this, but even happier that I didn't

*I don't want to miss a thing – A focus on head and neck cancer (9 December 2025)*

Attendees at live events organised by and/or supported by Learning & Insights



|                              |       |
|------------------------------|-------|
| Other webinars and workshops | 4,264 |
| AI Symposia                  | 1,823 |
| AI Webinars                  | 2,357 |
| Conferences                  | 7,929 |

## Member publications

**35** publications launched across **9** markets.

**188** unique articles tailored to members' regional practice.

**27,520** visitors to our digital publications

**283,340** page views – and over **8,000** printed copies sent direct to practices.

# Our people

## Building high performance

At MPS, our people are at the heart of everything we do, and 2025 has been a year of growth, connection, and development. Across our global teams, colleagues have embraced opportunities to learn, lead, and collaborate, helping to build a culture where everyone can perform at their best.

This year, we refined our structure at the Executive level to ensure the right capabilities are in place to transform services and respond to the evolving needs of members. We also launched a new high-performance framework, giving colleagues clear guidance and support to reach their full potential and contribute effectively to MPS's vision. Leadership programmes – from the Executive Committee Programme to the Senior Leadership Team's Building Brilliance – have strengthened the confidence and capability of our leaders, while planned People Leader and colleague development initiatives – such as our Change Readiness workshops – continue to create opportunities for learning and growth at all levels, and drive positive changes for members.

Colleagues have also been at the heart of our work on belonging and inclusion. Our Equity, Diversity and Inclusion (EDI) roadmap, alongside a new Global Belonging Plan, is helping facilitate conversations across the business. The diversity of our organisation is also increasing, supported by inclusive recruitment practices and greater visibility of underrepresented groups. You can read more about this work in our 2025 EDI Report here.

We have continued to evolve how we reward and recognise our people, reviewing our pay philosophy and total reward package to ensure colleagues feel fairly valued for their contributions. At the same time, programmes to build a commercial and financial mindset are helping colleagues understand the link between everyday decisions and how we manage member funds responsibly, supporting a sustainable future for the organisation.

Our colleagues' voices have guided much of this work. Insights from the cultural and colleague engagement surveys are helping us understand what's working, and where we can strengthen connection, collaboration and performance across our global community.



**87%**

Colleague engagement score

(2024: 83%)

**75%**

Inclusion score

(2024: 73%)

Through these initiatives, MPS continues to invest in its people, building a high-performing, connected, and inclusive organisation where colleagues can thrive, collaborate meaningfully, and deliver exceptional outcomes for members.

We are pleased to see this work recognised externally, being shortlisted for Outstanding Culture at the prestigious 2025 British Legal Awards.



# Corporate Social Responsibility

## Advancing responsible practice in a changing world

As a mutual organisation serving the medical and dental professions, we recognise that our responsibility extends far beyond the services we provide. It includes the way we work, the choices we make and the long-term impact we leave on the people and communities who rely on us.

We understand that the health of the planet, society and workforce is interconnected. By acting responsibly today, we help create the conditions for healthcare professionals to thrive tomorrow.

As we look ahead, our purpose remains clear: to protect and empower healthcare professionals, while contributing to a healthier, more sustainable future for everyone.



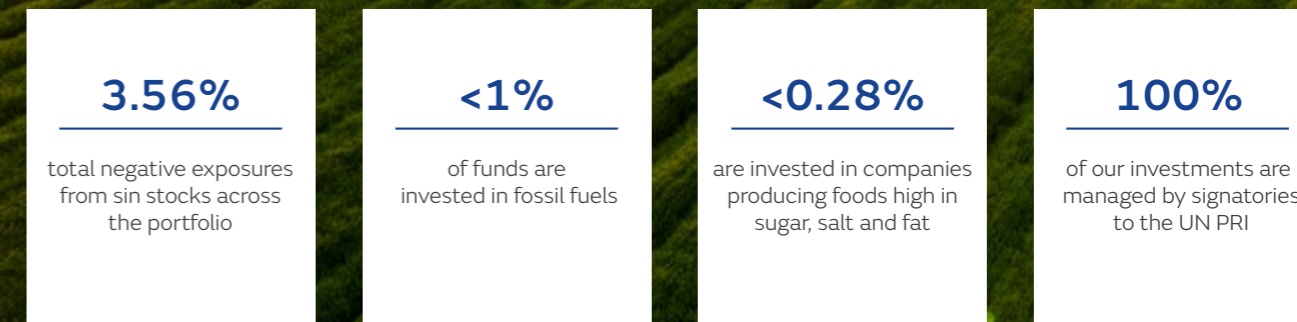
**Giving back to our communities and being an inclusive workplace**

- 6 new projects funded through the MPS Foundation**  
focused on the wellbeing of healthcare professionals in Australia, New Zealand, Singapore, Malaysia, Hong Kong, UK and Ireland (page 15)
- £909,000**  
the total value of the Wellbeing projects supported in 2025
- 1<sup>st</sup> signatory**  
of the FDI World Dental Federation's Wellbeing Pledge
- Externally recognised**  
**FINALIST "Excellent Use of CSR"**  
Dental Industry Awards 2025



## Impact Investing (ESG)

Responsible investment and corporate sustainability remain central to our strategy, reflecting our commitment to members, our communities and the wider world. Over the past year, we have taken further steps to strengthen how we consider environmental impact, social responsibility and good governance (ESG) considerations across our investment approach.



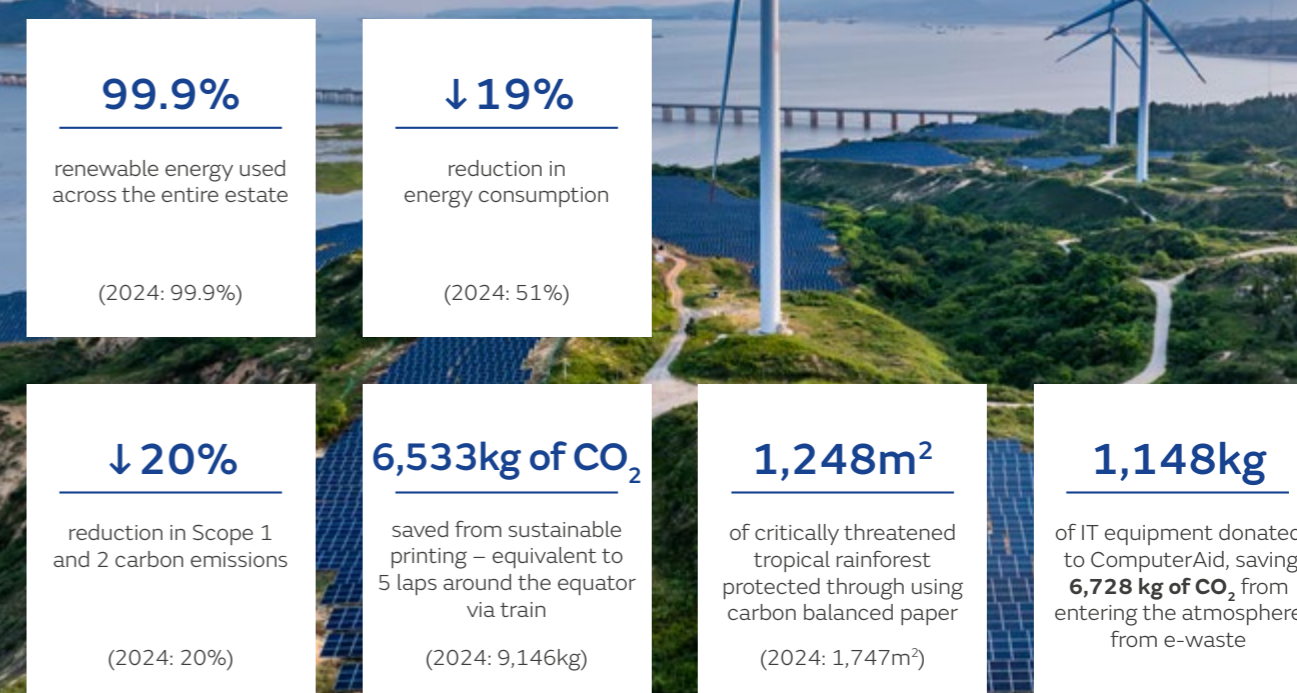
### Key developments in 2025:

- Enhancing our capabilities:** We expanded our internal resources to strengthen ESG integration across the portfolio.
- Aligned partnerships:** We awarded a new credit mandate with ESG criterion tailored to MPS's ESG policy to an investment manager recognised for their active engagement and strong stewardship.
- Strengthening our policies:** We reviewed and reaffirmed MPS's ESG Policy, integrating it into the broader Investment Policy to ensure sustainability considerations inform decisions across the full portfolio.

Alongside these initiatives, MPS continued to deliver a range of established ESG activities. Our annual independent responsible investment audit noted an improvement in the ESG practices of the portfolio's underlying fund managers, reflecting our continued focus on improvement. We also continue to be a signatory to the UN Principles for Responsible Investment – the first and only medical or dental defence organisation, or indemnifier, to do so.

While encouraged by this progress, we recognise sustainability as an ongoing journey and remain committed to continuous improvement, transparency and long-term value creation for our members and society.

## Climate action



## Streamlined Energy and Carbon Reporting

MPS is defined as a large company under the Companies Act 2006 and we report in line with the UK's Streamlined Energy and Carbon Reporting (SECR) legislation according to the 2018 Regulations. All Scope 1 and 2 sources of energy and carbon emissions have been disclosed as well as mandatory Scope 3 sources of energy and carbon emissions. These disclosures cover all UK activities across the Group.

Our CSR strategy and initiatives, however, are global in scope. We are committed to our Carbon Zero target by 2027, across the whole of the organisation, in support and pursuit of a cleaner, sustainable future for our world.

### Energy Consumption (kWh)

Our overall kWh of energy consumption reduced significantly in 2025.

This reduction was assisted by the relocation of the London office in August 2025, and the move to temporary, serviced offices whilst work commenced on new office space. Work was completed in early 2026 and will be included in future reporting. Much of the energy supplies at the Leeds site have been transferred to tenants and recorded through sub-metering.

MPS no longer uses mains gas or biogas. The Scope 1 emission of gas has been removed as all facilities operated by MPS are now electric and are included in the Scope 2 emissions.

The estimated electricity consumption for the former London office was derived from the 2024 consumption as the annual estimates for 2025 were significantly overestimated by the landlord. Only 54% of the floor was occupied by MPS and for only 8 months of the year.

The company cars and grey fleet mileage for the reporting period was 89,676 miles. This was an increase of more than 2.5% on the 87,424 miles recorded in 2024.

### Our energy consumption (MWh)\*

|  | 2025 MWh      | 2024 MWh      | 2023 MWh      |
|--|---------------|---------------|---------------|
| Natural Gas                                | -             | -             | -             |
| Biogas                                     | -             | 5.00          | 12.37         |
| Company Vehicles Transport                 | 59.85         | 60.38         | 183.10        |
| <b>Scope 1 Total Energy</b>                | <b>59.85</b>  | <b>65.38</b>  | <b>195.47</b> |
| Grid Supplied Electricity Heat and Cooling | 260.19        | 339.47        | 673.31        |
| Grid Supplied Electricity EVs              | 5.34          | -             | -             |
| <b>Scope 2 Total Energy</b>                | <b>265.53</b> | <b>339.47</b> | <b>673.31</b> |
| Employee Vehicles Transport                | 22.98         | 24.00         | -             |
| <b>Scope 3 Total Energy</b>                | <b>22.98</b>  | <b>24.00</b>  | -             |
| <b>Total Net Emissions</b>                 | <b>348.36</b> | <b>428.85</b> | <b>868.78</b> |

\* The kWh was converted to MWh. 1 MWh is equal to 1,000 kWh.

### Emissions (tCO2e)

Emissions from on-site biogas consumption at the Leeds office ceased in 2024. This was due to the use of electric heat pumps.

Travel mileage for business activities in 2025 increased by 2,252 miles. However, Scope 3 mileage for employee commute travel reduced by 1,339 miles, with total emissions of 4.48 tCO2e.

The company vehicle milage increased from 65,322 in 2024 to 68,913 in 2025, an increase of 3,591 miles. However, the policy to replace existing fossil fuel vehicles with electric vehicles on renewal and a reduction in employee Scope 3 miles mitigated any emissions increase for road travel activities, and in fact helped reduce emission for road travel by 3.72 tCO2e. Scope 1 travel emission reduced by 2.5 tCO2e from the 2024 total Scope 1 transport emissions of 5.34 tCO2e.

No refrigerant loss was reported in 2025 (2024: nil).

### Our greenhouse gas emissions (tCO2e)

|   | 2025 tCO2e   | 2024 tCO2e   | 2023 tCO2e    |
|---|--------------|--------------|---------------|
| Natural Gas   | -            | -            | -             |
| Biogas  | -            | 0.001        | 0.002         |
| Transport Emissions for Company Vehicles Travel     | 2.84         | 5.34         | 13.87         |
| R401A Refrigerant Loss (178.76 kg)                  | -            | -            | -             |
| <b>Scope 1 Total Emissions</b>                      | <b>2.84</b>  | <b>5.34</b>  | <b>13.87</b>  |
| From Purchased Electricity, Steam, Heat and Cooling | 46.05        | 70.29        | 139.42        |
| <b>Scope 2 Total Emissions</b>                      | <b>46.05</b> | <b>70.29</b> | <b>139.42</b> |
| Transport Emissions Employees Travel                | 4.48         | 5.70         | -             |
| <b>Scope 3 Total Emissions</b>                      | <b>4.48</b>  | <b>5.70</b>  | -             |
| <b>Total Gross Emissions</b>                        | <b>53.37</b> | <b>81.33</b> | <b>153.29</b> |
| Renewable Electricity                               | (46.05)      | (70.29)      | (139.42)      |
| <b>Total Net Emissions</b>                          | <b>7.32</b>  | <b>11.04</b> | <b>13.87</b>  |

The total emissions were adjusted to account for 46.05 tCO2e from renewable electricity supplies covered by REGOs for the 2025 reporting period.

The emissions for transport road activities were provided by the Company travel records, which included emission by vehicle type and was used in reporting.

### Intensity ratio

Our chosen 'Intensity Ratio' is based on carbon emissions per number of Full Time Equivalent (FTE) Employees. The number of UK based employees in 2025 was 836, up by 16 from the 2024 head count of 820. The increase in employee numbers in 2025 had a positive impact on the Intensity Ratio, reducing it for both emissions and MWh.

| Intensity Ratio                       | 2025  | 2024  | 2023  |
|---------------------------------------|-------|-------|-------|
| Annual MWh per No. of FTE Employees   | 0.417 | 0.523 | 1.082 |
| Annual tCO2e per No. of FTE Employees | 0.009 | 0.013 | 0.017 |

### SECR methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the Greenhouse Gas Reporting Protocol – Corporate Standard and have used the 2025 UK Government's Conversion Factors for Company Reporting.

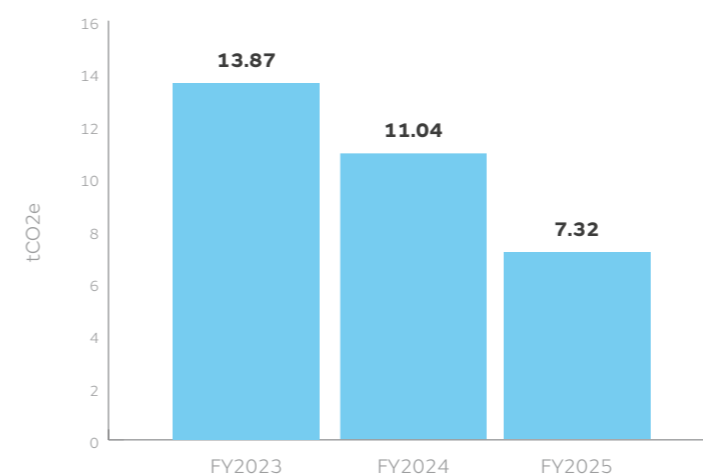
## Measures taken to improve energy efficiency

MPS has completed a major refurbishment of its Leeds office, introducing upgraded lighting, air conditioning, and heating systems. The building is still in final testing and commissioning, and the first electrical usage data has only just been received. The project includes a full LED lighting system with DALI controls, a new R32 air conditioning system, improved air handling with energy-recovering exchangers, replacement of window units for better thermal performance, and more efficient electrical heating in selected areas.

Gas has been removed entirely from the Leeds office buildings, with only limited operational use remaining. A new Building Management System is now in place to support more efficient control of the refurbished environment, with further enhancements planned once commissioning is complete.

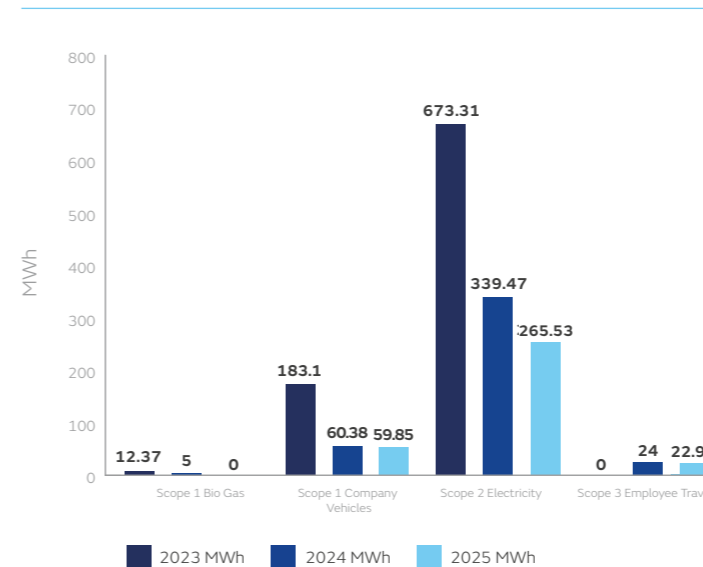
### SECR Emissions and Energy Consumption 3-year performance comparison.

Change in Net emissions



There has been significant change in emissions since 2023. The removal of Scope 1 mains Biogas in 2024 was a major contributor to the reduction. Both electricity and transport activities also saw reductions in tCO2e in 2025.

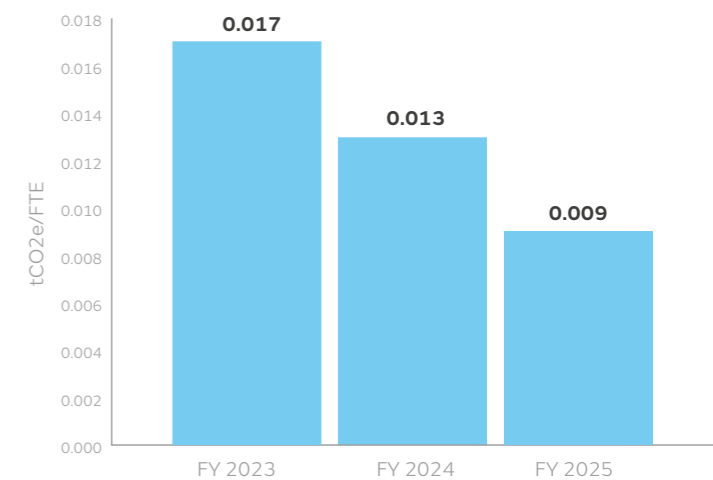
### Change in MWh consumption



Electricity MWh saw a reduction of over 23% in 2025 from 2024. Transport activities saw a decrease of almost 4.5% of MWh in the year. Transport activities were split in 2024 to reflect the emissions reporting scope they were reported for. Scope 1 transport is for company owned vehicles and transport Scope 3 for employees using their own vehicles for company business. Transport is measured in milage covered for both Scope 1 and Scope 3 activities.

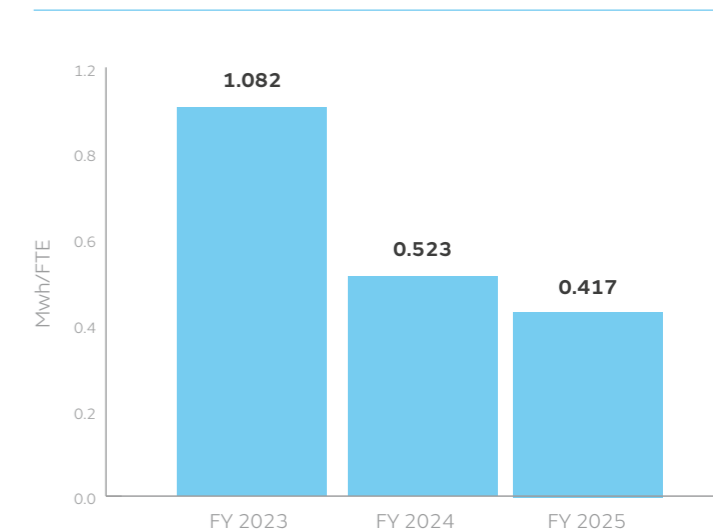
### Intensity Ratio Employees (FTE) performance

Changes in intensity ratio performance for the last 3 SECR reporting periods.



Annual emissions reduced in 2025 by 32.6% or 0.004 tCO2e/FTE. This was due to the significant reduction in energy consumption and an increase in the number of FTEs.

### MWh per FTE Employee



The transfer to the tenants of electricity and gas supplies at the Leeds site, and the relocation in London significantly reduced the MWh/FTE in 2025.

# Our stakeholders

| Stakeholder group                          | Why it is important to engage   | Ways we engage  | How we ensure we are doing this well   | Stakeholders' key interests  | Page  |
|--|---|---|--|--|---|
| <b>Members and prospective members</b>     | Understanding members' needs allows us to deliver relevant products and services that meet their needs. It also enables us to retain and attract members and to identify opportunities for growth.  | <ul style="list-style-type: none"> <li>• MPS websites</li> <li>• Contact centre</li> <li>• Events and webinars</li> <li>• Medico/dentolegal advice</li> <li>• Learning and insights from cases</li> <li>• Publications</li> <li>• Media and social media</li> <li>• Annual General Meeting</li> <li>• Engagement by Council members</li> <li>• Advisory groups</li> <li>• Member Voice Panel</li> <li>• The MPS Foundation</li> </ul>   | <ul style="list-style-type: none"> <li>• Correspondence and feedback</li> <li>• Member research and satisfaction surveys</li> <li>• Tracking engagement scores and content analytics</li> <li>• Monitoring member movements</li> <li>• Assessing complaints</li> <li>• Member experience ambassadors</li> <li>• Advisory groups</li> </ul>   | <ul style="list-style-type: none"> <li>• Expertise and quality of customer service</li> <li>• Availability and ease of access to services</li> <li>• Value for money</li> <li>• Corporate social responsibility</li> </ul>   | <p>Pages 16-17, 26-29</p> <p>Pages 16-17</p> <p>Pages 32-35</p> |
| <b>Colleagues</b>                          | Interacting with colleagues is one of the main ways in which members experience the MPS brand. Our colleagues are fundamental to the achievement of our member experience ambitions and are the cornerstone of our service.   | <ul style="list-style-type: none"> <li>• Quarterly all-colleague and senior leader calls</li> <li>• Monthly People Leader calls</li> <li>• Colleague engagement surveys</li> <li>• Cultural survey</li> <li>• Employee Engagement Forums</li> <li>• Manager 1-2-1s, performance and development discussions</li> <li>• Colleague focus groups</li> <li>• Coaching and mentoring relationships</li> <li>• Intranet</li> <li>• MS Teams channels</li> <li>• Executive briefing sessions</li> <li>• Recognition and reward</li> <li>• Charity/social activities</li> <li>• Wellbeing Committee</li> <li>• Equity, Diversity and Inclusion Forum</li> <li>• Colleague-run support networks</li> <li>• Mental health first-aiders</li> </ul> | <ul style="list-style-type: none"> <li>• Culture, Internal Communications and Engagement expertise in People leadership and services</li> <li>• Internal communication plans to support change initiatives</li> <li>• Annual survey and pulse survey</li> <li>• Cultural survey</li> <li>• Leadership framework, values, talent management, core behaviours and performance bonuses</li> <li>• Employee Engagement Forums; divisional and organisation-wide</li> <li>• Feedback from the Equity, Diversity &amp; Inclusion Forum as well as colleague-run support networks</li> <li>• Feedback via focus groups run by independent partners</li> </ul> | <ul style="list-style-type: none"> <li>• Our member focus</li> <li>• Reward and recognition</li> <li>• Career opportunities</li> <li>• Involvement and inclusion</li> <li>• Job security</li> <li>• Learning and development</li> <li>• Health and wellbeing</li> <li>• Engagement and belonging</li> <li>• Corporate social responsibility</li> </ul> | <p>Page 30</p> <p>Pages 32-35</p>                               |
| <b>Partner organisations and suppliers</b> | Working with strategic partners (eg panel law firms and associations) enables us to deliver core services to members. The delivery of services and the MPS brand relies heavily on these services being provided to a high standard.  | <ul style="list-style-type: none"> <li>• Regular engagement via MPS operational, business development, claims delivery, and medicolegal and dentolegal teams, with the engagement model differing across countries, depending on the services provided and the nature of relationship</li> </ul>  | <ul style="list-style-type: none"> <li>• New contracts on a global basis to create more consistency in control, reporting and governance</li> <li>• Designated relationship managers responsible for panel performance</li> </ul>  | <ul style="list-style-type: none"> <li>• Quality of services</li> <li>• Logistical efficiencies and value for money</li> <li>• Sharing insights and expertise</li> </ul>   | <p>Pages 16-17, 26-29</p> <p>Pages 28-29</p>                    |
| <b>Governments and public bodies</b>       | Policy, legislative and regulatory changes pose opportunities and risks to MPS. Working with governments enables us to identify and influence potential changes as well as ensure our products and services evolve. Relationships with state-run schemes and other bodies are also important. | <ul style="list-style-type: none"> <li>• Regular meetings with officials</li> <li>• Engagement with ministers on key developments</li> <li>• Campaigning on key issues</li> <li>• Monitoring local developments</li> </ul>  | <ul style="list-style-type: none"> <li>• Dedicated public affairs team</li> <li>• Colleagues based in or closely linked to our main markets</li> <li>• Stakeholder mapping in each major market</li> </ul>   | <ul style="list-style-type: none"> <li>• Costs of clinical negligence</li> <li>• Affordability of indemnity</li> <li>• Expertise on medicolegal and dentolegal issues</li> <li>• Quality of member service</li> <li>• Issues facing the professions</li> </ul>   | <p>Pages 20-21</p> <p>Pages 26-29</p> <p>Page 17</p>            |
| <b>Healthcare providers</b>                | MPS provides protection services to healthcare providers. Working with healthcare providers also enables us to create a better understanding of developments in healthcare delivery and their likely impact on individual members.  | <ul style="list-style-type: none"> <li>• Direct engagement with corporates through targeted pipeline approach</li> <li>• MPS Partnerships</li> </ul>  | <ul style="list-style-type: none"> <li>• Dedicated business development leads</li> <li>• Member movements and monitoring of prospective corporate members</li> <li>• Team approach combining commercial and medical expertise</li> </ul>   | <ul style="list-style-type: none"> <li>• Quality and price of indemnity services</li> <li>• Risk assessment and management</li> <li>• Understanding issues facing members and healthcare systems</li> </ul>  | <p>Pages 17 and 43</p>  |

| Stakeholder group              | Why it is important to engage   | Ways we engage  | How we ensure we are doing this well   | Stakeholders' key interests   | Page  |
|--------------------------------|---|---|--|---|---|
| <b>Intermediaries</b>          | As well as engaging directly with corporates, we also work via brokers. This is critical to be aligned with the London market mode of operation specific to our B2B insurance proposition.  | <ul style="list-style-type: none"> <li>Business development, product and underwriting engagement</li> </ul>   | <ul style="list-style-type: none"> <li>Acquisition of new clients and retention of existing (intermediated)</li> </ul>   | <ul style="list-style-type: none"> <li>Satisfying client needs</li> <li>Market differentiation</li> </ul>   |   |
| <b>Professional bodies</b>     | Working with professional bodies (colleges, societies and unions) enables MPS to influence wider issues impacting the membership as well as understand our membership's interests. These professional bodies also serve as a potential route to market. | <ul style="list-style-type: none"> <li>Regular scheduled meetings</li> <li>Speaking at, and attending stakeholder events</li> <li>Collaborative working on key issues</li> </ul>  | <ul style="list-style-type: none"> <li>Dedicated public affairs team</li> <li>Regional directors and other specific market focused colleagues</li> <li>Stakeholder mapping in each major market</li> <li>Support from in-country advisers</li> </ul> | <ul style="list-style-type: none"> <li>Affordability of indemnity/costs of clinical negligence</li> <li>Expertise on medicolegal and dentolegal issues</li> <li>Quality of member service</li> <li>Issues facing the professions</li> </ul> | <p>Pages 20-21</p> <p>Pages 26-29<br/>Page 17</p> |
| <b>Professional regulators</b> | Working with professional regulators enables us to influence the way in which they regulate our members for the benefit of our membership.  | <ul style="list-style-type: none"> <li>Regular scheduled meetings</li> <li>Attending events</li> <li>Protecting members before the regulator</li> </ul>   | <ul style="list-style-type: none"> <li>Dedicated public affairs team working with colleagues across MPS</li> <li>Medical and Dental Director and country medical/dental leads</li> </ul>   | <ul style="list-style-type: none"> <li>Fair and efficient regulatory processes</li> </ul>   |   |
| <b>Media</b>                   | Effective engagement with the media provides MPS with strong multi-channel exposure to connect with members and our wider stakeholder audience. It is also crucial to maintaining our reputation.   | <ul style="list-style-type: none"> <li>Issue press releases and provide features to key publications regularly</li> <li>Issue statements on behalf of members about cases</li> <li>Meetings with journalists</li> <li>Pre-empt and prepare for risks to reputation</li> </ul> | <ul style="list-style-type: none"> <li>KPIs based on coverage in key publications in priority markets in comparison to main competitors</li> </ul>   | <ul style="list-style-type: none"> <li>Diverse and quality content that is relevant to their audience</li> <li>Accurate and timely information</li> <li>Expert advice</li> </ul>  |   |
| <b>Patients and the public</b> | By assisting members with claims, we play an important role in patients receiving compensation. Through our work to help members manage their risk, we also play an important role in improving patient care and patient experience.                    | <ul style="list-style-type: none"> <li>Media and social media</li> </ul>  | <ul style="list-style-type: none"> <li>Media monitoring</li> </ul>   | <ul style="list-style-type: none"> <li>Patient care and patient safety</li> <li>Compensation</li> </ul>   |   |

## Statement of adherence to the Code of Practice

MPS is a signatory of the voluntary Code of Practice for UK-based medical defence organisations.

MPS takes its commitments under the Code of Practice seriously. We have also adopted the Wates Corporate Governance Principles for Large Companies; more information on how we adhere to the Wates Principles can be found on pages 44 and 45 of this report.

We publish information on our approach to business including our fair treatment of members policy, which includes our commitment to treat members fairly in respect of our communications and the services and benefits provided, as well as our complaints process for members. These are available on our [website](#).

The scope of benefits of members is set out in our *Statement of Benefits* documents, which can be accessed [here](#). These contain a summary of the key features and benefits of discretionary protection with MPS, including factors that could lead to a rare occasion where we may be unable to assist, as well as members' responsibilities to reduce the likelihood of this arising.

In keeping with our adherence to the Code, MPS facilitates access to an Independent Complaints Review Service (ICRS) at the time we issue our final complaint response, where it falls within the agreed scope. Information about the ICRS is also available on our [website](#). During 2025, no members used the ICRS. As a result, there are no outcomes to report.

The Code of Practice requires all signatories to publish an annual funding adequacy statement. This statement can be found in Note 22 on page 79 of this report.

MPS has fully met its commitments to the Code of Practice.

# Risk management

## The importance of risk management

We support and protect the careers, reputations and financial security of members by taking on the uncertainty of the potential costs of claims and legal advice, and support, that our members face in return for membership subscriptions. We invest these subscriptions to generate a return so that we have the necessary financial strength

to meet claims and to moderate subscription levels. As such, we believe our organisation, and its sustainable success, are founded on effective risk management. Our overall approach is to focus on risks linked directly to our purpose, that we believe we can manage and, where possible, to seek to avoid or mitigate other forms of risk.

## Our risks and how we manage them

The types of risk that we face and how we manage them are summarised below:

| Risk                             | Description   | Mitigation  |
|----------------------------------|---|---|
| <b>Strategic risk</b>            | <p>The risk of failure to achieve business objectives that impact the long-term interests of members or other stakeholders.</p> <p>This includes the threats of increased competition, regulation, loss of distribution, loss of trust in our organisation and reduction in the market/need for our products and services.</p>  | <p>Our strategic planning process considers and reflects the threats to, and opportunities for, the organisation.</p> <p>Strategic risks are monitored on a regular basis, reported quarterly and any identified actions implemented.</p> <p>Strategic risks are mitigated to some degree by the geographic diversification of our business.</p>  |
| <b>Liquidity risk</b>            | <p>The risk of insufficient resources to meet liabilities and obligations as and when they fall due.</p> <p>This represents increased liquidity demands such as collateral calls on hedging assets or cash to settle claims and/or a decline in available liquidity such as that arising from a decrease in the ability to sell certain types of investment in times of stress.</p> | <p>We monitor our potential liquidity needs and our liquid resources, ensuring that a prudent buffer is maintained.</p> <p>This involves projecting and stressing cash inflows and outflows and making a prudent assessment of the realisable value of investments over set timeframes. This is tested against our liquidity risk appetite.</p>   |
| <b>Counterparty default risk</b> | <p>The risk of financial loss as a result of the default or failure of third parties to meet their payment obligations to MPS.</p> <p>This could arise from the failure of a bank, insurer or outsourcer from whom MPS expects to receive cash or a service, or from unpaid member subscriptions.</p>   | <p>We set a minimum credit rating for new banks and insurers and monitor the credit rating of those to whom we have existing exposures.</p> <p>We also monitor the level of outstanding subscriptions from members and have a collection process that ultimately results in the cancellation of membership if the subscription remains unpaid.</p>  |
| <b>Market risk</b>               | <p>The risk of adverse financial impact resulting, directly or indirectly, from fluctuations in interest rates, inflation, foreign currency exchange rates, credit spreads and equity and property prices.</p> <p>These are the principal risks arising from our investments.</p>   | <p>We aim to minimise interest rate and foreign currency risk through a combination of investments and derivative contracts.</p> <p>We set our investment strategy based on our appetite for market risk in pursuit of an appropriate return for the membership fund and regularly monitor the performance and positioning of the investment portfolio.</p> <p>We have established investment limits to guard against concentrations of investment exposures.</p> |

| Risk                     | Description  | Mitigation  |
|--------------------------|--|---|
| <b>Underwriting risk</b> | <p>The risk of loss or adverse changes in the value of provisions due to inadequate pricing and provisioning assumptions.</p> <p>This could result from increases in claims frequency (patient propensity to claim or complain, claims farming by legal firms) or increases in the cost of claims (claims inflation), whether resulting from underlying inflation, changes to personal injury discount rates, changes to general damage award guidelines or a general increased sympathy of society and courts towards injured parties. This risk type would also include emergence of a new, material source of claims.</p> | <p>We ensure that our underwriting is balanced and sustainable, avoiding concentrations of business that is volatile, higher risk, or loss making over the long-term.</p> <p>We also seek to ensure that there is a strong feedback loop from claims and reserving into underwriting and pricing to ensure that emerging trends are reflected in the product and pricing as soon as possible.</p> <p>Claims are actively managed to reduce our exposure.</p>  |
| <b>Operational risk</b>  | <p>The risk arising from inadequate or failed internal processes, people or systems, or from external events.</p> <p>Such failures could result in adverse member outcomes, interruptions to service, financial loss, regulatory non-compliance or reputational damage.</p> <p>Key operational risks include cyber-attacks, data protection breaches, failed change implementation, service failure, incorrect pricing and failure to attract and retain the right skills.</p>   | <p>We seek to reduce operational risk as far as is commercially practical, by implementing policies and controls. Controls are regularly assessed as to their effectiveness, and the resulting residual risks are compared to tolerance. Action plans are implemented where the residual risk exceeds tolerance.</p> <p>We have a business continuity process to ensure we have plans and resources to limit disruption to our services and negative impact to members, colleagues and the wider business.</p> <p>We also have a Transformation Management Office to support effective change implementation.</p> |

Our principal risks relate to setting adequate subscription rates to cover the underwriting risks and expenses of administering the business, the returns on our investments, our business operations and the threat of regulation. The currently elevated levels of geopolitical risk could have a direct impact on our investment returns but can also indirectly affect us through increased inflation, the elevated threat of cyber-attacks and the possibility of supply chain disruption. Regulatory change and competition are key strategic risks, although the introduction of the Code of Practice in the UK has been a positive development.

### Managing our risks

Our risk management framework policy, approved by Council, sets out how we identify, assess, manage, monitor and report on the material risks to our objectives. The framework incorporates the key elements of governance, culture, risk appetite, the three lines of defence and risk management processes.

### Risk governance & culture

The Council has established the Audit & Risk Committee to assist it with the oversight, identification and management of business risks and monitoring mitigating controls.

Council has also established the Asset and Liability Committee to oversee capital and liquidity management and investment strategy. As such, both committees play a key role in the governance of risk management.

The MPS governance structure is set out in detail in our Statement of corporate governance arrangements on pages 44 and 45.

At an Executive level, management has established an Executive Asset and Liability Committee and an Operational Risk and Conduct Committee to facilitate the management of financial and non-financial risks respectively.

Council sets the desired culture for the organisation including the promotion of constructive challenge, accountability and an open and honest environment.

Expectations as to how key risks will be managed are set out in policies approved by Council, or one of its committees.

### Risk appetite

The organisation's risk appetite is articulated in a number of ways:

- *Risk appetite* refers to the aggregate level of risk we are willing to take in pursuit of our strategic objectives. This is currently framed in respect of risks to financial soundness and conduct.
- *Risk preference* refers to our attitude towards taking particular risk types.
- *Risk tolerances* are set at a more granular level and define the amount of a particular risk we are willing to take.
- *Risk limits* are set at the most granular level and represent quantitative limits on individual risk exposures. They are designed to mitigate against concentrations of risk.

## The three lines of defence

We operate the three lines of defence model, which is standard within financial services organisations.



### Line 1 Risk Management

This is our member-facing business areas and Group-wide operational management functions. The systems, internal controls, control environment and culture developed and implemented by these areas are crucial in anticipating and managing our risks.



### Line 2 Risk Oversight

This is our Risk & Compliance team. They are responsible for providing oversight and independent, constructive challenge to the effectiveness of risk decisions and risk management activities of Line 1.



### Line 3 Risk Assurance

This is our outsourced internal audit function. This function agrees an annual plan of audits with the Audit & Risk Committee and provides an independent view of the design adequacy and operating effectiveness of the Line 1 and 2 controls in the areas being audited.

#### Risk management processes

Key risk management processes that we operate include:

- *Risk and Control Self Assessments (RCSAs)* are performed where risk owners are required to assess the effectiveness of the controls mitigating the risks that they own and the resulting level of residual risk compared to a specified tolerance.
- *Emerging Risk Identification* is performed at least annually by experts across the business and seeks to identify risks that are more remote in terms of their likelihood of occurrence or timescales over which they might occur.
- *Quarterly Risk Reporting* is prepared by the Chief Risk Officer and presented to management, the Audit & Risk Committee and Council. This considers changes to the strategic risk position, key operational risks and the control environment and is supported by updates to Key Risk Indicators and management information.
- *Own Risk and Solvency Assessment (ORSA)* is conducted annually and considers the impact of selected adverse scenarios on our financial strength over the business planning horizon and examines the management actions which could be taken to recover in more extreme scenarios. The ORSA also includes sensitivity testing of the organisation's financial position for standardised variations in key risk drivers, such as interest rate levels, and concludes on the adequacy of current capital levels. The ORSA utilises our internal capital model.
- *Risk Incident Reporting and Root Cause Analysis* is performed whenever a material risk crystallises and facilitates the continual improvement of our risk management processes.

## Future developments

As we look ahead, we anticipate the continuously challenging environment in which we operate, against the backdrop of the uncertain global geopolitical landscape, volatile macroeconomics and disruption from Artificial Intelligence (AI).

We proactively monitor and manage identified risks, including those emerging risks which are relevant to MPS. By maintaining a strategic focus on sustainability and developing new product offerings and value proposition to members, we are confident in our ability to sustain and strengthen our financial position.

The Chair of Council's, Chief Executive's and Financial Performance Reports refer to key initiatives during the year and touch on future developments in specific areas. Below is a summary of those plans.

#### AI in Healthcare

Artificial Intelligence is rapidly reshaping global healthcare systems, offering transformative potential across clinical care, operations, research, and population health. Adoption is accelerating as organisations seek to improve quality, reduce costs, and address workforce pressures. While AI presents significant opportunities, it also introduces material risks related to safety, ethics, regulation, and trust.

As AI reshapes clinical decision-making and introduces new uncertainties around liability, MPS is here to deliver clarity, protection and confidence which our members need for successful AI adoption. By addressing emerging risks such as algorithmic errors, data bias, and opaque decision pathways in our future product development and offering, as well as by supporting robust AI governance and incident response, MPS aspires to become a strategic partner, enabling the Society to innovate responsibly while maintaining patient trust and legal security.

#### Professional Risk Indemnity (PRI)

The cost of clinical negligence within Professional Risk Indemnity (PRI) has escalated significantly over the past decade, driven by a combination of increasing claim frequency, higher claim severity, economic and social inflation, and structural pressures within the healthcare and legal environment. This trend is placing sustained financial strain on indemnifiers, healthcare providers, and public-sector risk pools, while also raising concerns about long-term affordability and system resilience.

Without structural reform and sustained investment in patient safety, the cost of clinical negligence is likely to continue rising, placing further pressure on PRI markets and healthcare systems. At MPS, we are proud to deliver financial resilience, proactive risk reduction, and expert medico and dentolegal support that protects members and the Society from unsustainable liability exposure.

#### National Health Insurance (NHI) in South Africa

South Africa's National Health Insurance (NHI) represents a major structural reform aimed at creating a unified, equitable health financing system that provides universal access to quality healthcare. The policy seeks to address deep inequalities between the well-resourced private sector and the overstretched public sector. While the NHI Bill has been passed by Parliament and signed into law, implementation remains phased, complex, and politically contested. The initiative carries significant potential benefits but also substantial operational, financial, and governance risks.

As South Africa transitions to the National Health Insurance (NHI) system – where questions remain about whether the state will assume liability for clinical services and how private practitioners will be protected – MPS will endeavour to provide the certainty, continuity, and specialist protection to members. We are proud of being a trusted partner who safeguards our members' professional security and enables them to continue delivering high-quality care with confidence.

#### Approval of the Strategic Report

Pages 26 to 43 of the Annual Report form the Strategic Report.

The Strategic Report was approved by the Council on 29 April 2026 and signed on its behalf by:

**Rory Kelly**  
Company Secretary

# Report of Council

|                        |  |
|------------------------|--|
| <b>President</b>       | <b>Professor Dame Jane Dacre</b><br><br>BSc MBBS MD FRCP London, Edinburgh, Glasgow<br>FHEA Honorary Fellowships: FRCPI FACP FAcad<br>Med Ed FRCGP |
| <b>Vice-President</b>  | <b>Professor John Bonnar</b><br><br>MA MD FRCPI FRCOG  |
| <b>Chair</b>           | <b>Graham Stokes</b><br><br>BDS MFGDP(UK) DPDS Dip Imp Dent RCS<br>CertMedEd FFGDP(UK)   |
| <b>Chief Executive</b> | <b>Karen Miller</b><br><br>BA Bcomm MBA AIISA FIISA  |

## Members of the Council

**Uma Baska** BS (Econ) (appointed 1 August 2025)

**Samantha Blackie** BSc MSc <sup>2,3,4,7</sup>

**Fiona Cornish** MA MB BChir DRCOG DCH FRCGP (resigned 25 June 2025) <sup>3</sup>

**Anthony Fung** BA MB BChir MA MBA FRCS FCSHK FHKAM (Surgery) <sup>3</sup>

**Judith Husband** BDS Dip IOD FCGDent <sup>5</sup>

**Damien Marmion** MBBS BSc MBA <sup>2,3,4,7</sup>

**Karen Miller** BA Bcomm MBA AIISA FIISA Chief Executive (ex officio) <sup>1,5</sup>

**Edmund Morris** BSc (Hons) MBBS FRCA <sup>1,2,3,5</sup>

**Gozie Offiah** BSc MB BCH BAO (NUI) LRCS & PI MD MMedSc PhD <sup>2,3,6</sup>

**Richard Pile** FCCA

**Stuart Purdy** BA(Hons) FCII <sup>1,2,4,7</sup>

**David Roytowski** MBChB MBA MMed FC Neurosurg (SA) <sup>3</sup>

**Catherine Rutland** BChD MA IRMCert CMI Level 7 FCGDent (appointed 1 January 2026) <sup>5</sup>

**Graham Stokes** BDS MFGDP(UK) DPDS Dip Imp Dent RCS CertMedEd FFGDP(UK) <sup>1,3,4,5,6,7</sup>

**Michael Urmston** BA <sup>1,2,7</sup>

**Tom Weitzman** KC BA(Hons) (resigned 25 June 2025) <sup>1,4</sup>

**Callum Youngson** BDS DDSc FDS DRD MRD FDS(Rest Dent) RCS(Ed) FDSRCS(Eng) (resigned 25 June 2025) <sup>1,5</sup>

- 1 Member of the Asset and Liability Committee
- 2 Member of the Audit and Risk Committee
- 3 Member of the Medical Committee
- 4 Member of the Remuneration and Nominations Committee
- 5 Member of the Board of Dental Protection Limited
- 6 Member of the MPS Foundation Board
- 7 Member of the Technology Transformation Oversight Committee

The Council, which for the purposes of the Companies Act 2006 is the Board of Directors, presents its Annual Report for the year ended 31 December 2025.

The following disclosures have been included elsewhere within the Annual Report and Financial Statements and are incorporated into the Report of Council by reference:

| Disclosures               | Pages     |
|---------------------------|-----------|
| SECR reporting            | 34        |
| Financial risk management | 77        |
| Future developments       | 43        |
| Equal opportunities       | 50        |
| Financial instruments     | 58 and 60 |
| Employees                 | 30        |

### The role of the Council

The Council's primary focus is on the overall strategic direction, development, and control of the MPS Group. Additionally, it holds ultimate responsibility for exercising discretion in response to requests for assistance. In practice, this responsibility is delegated to the Executive Committee and the senior management team, subject to the Council's reporting, oversight, and review.

In alignment with the Group's strategy, the Council holds responsibility for approving the Group's values, strategic plans, annual budget, and the overall system for risk identification, management, and internal controls. Additionally, the Council oversees the Group's operational and financial performance.

As part of its governance responsibilities, the Council establishes the Group's corporate governance framework. Within this framework, the Executive Committee is empowered as the primary management committee, responsible for day-to-day operations.

The roles of the Chair and Chief Executive are clearly documented. The Chair, alongside the Chief Executive and the Company Secretary, ensures that the Council is fully informed, consulted on matters reserved to it, and that decisions are made swiftly and effectively.

Newly appointed Council members receive an induction tailored to their prior experience and expertise.

### Statement of corporate governance arrangements

In conducting its business, MPS strives to maintain a level of governance suited to the size and nature of the Group, incorporating relevant best practices. MPS has adopted and reports in accordance with the Wates Corporate Governance Principles for Large Companies (the Wates Principles).

Throughout the year ended 31 December 2025, the Council ensured that the organisation's governance practices adhered to the six guiding principles forming the foundation of the Wates Principles. Our approach to each of these principles is detailed on the following page.

| Principle                                       | Requirement   | How MPS has complied   |
|---|---|--|
| <b>Purpose and leadership</b>                   | An effective Board develops and promotes the purpose of a company, and ensures that its values, strategy and culture align with that purpose.   | Our Purpose, as approved by the Council, is to support and protect the careers, reputations, and financial security of doctors, dentists, and healthcare professionals worldwide.<br><br>The Council strives to ensure that MPS's values, strategy, and culture align with its purpose. The organisation communicates its purpose and values to colleagues through Chief Executive briefings and various other channels, while also promoting consistency with these values via performance-related bonus arrangements. Culture is regularly monitored through colleague engagement surveys and Committee feedback sessions.<br><br>In 2025, the Council oversaw the implementation of MPS's 'New World' strategy, launched in 2024, which focuses on long-term sustainable growth. This strategy aims to enhance organisational resilience, strengthen financial sustainability, and ensure continued support for members. Council members attended a strategy session in June 2025, to consider progress with its implementation, as well as opportunities and challenges. |
| <b>Board composition</b>                        | Effective composition of members of a Board requires an effective Chair and a balance of skills, backgrounds, experience and knowledge, with individual Directors having sufficient capacity to make a valuable contribution.<br><br>The size of a Board should be guided by the scale and complexity of the company. | The Council has reviewed its composition and size to ensure an appropriate balance of skills, backgrounds, experience, and knowledge, with each member possessing the capacity to make a meaningful contribution.<br><br>The Council comprises a majority of medical and dental professionals, complemented by experienced Non-Executive Directors from sectors relevant to our business operations.<br><br>The roles of the Chair and CEO are separate, each with distinct responsibilities. The Chair provides leadership to Council, focusing on governance and member interests. The Chair is responsible for setting agendas and chairing meetings, ensuring adequate time is given to consider items of business.<br><br>The CEO is responsible for leadership of the Group's management and employees on a day-to-day basis and, together with the Executive, is responsible for implementing decisions of Council. Council has a Senior Independent Director whose role is to provide constructive challenge and ensure management are held to account.              |
| <b>Director responsibilities</b>                | A Board and individual Directors should have a clear understanding of their accountability and responsibilities. The Board's policies and procedures should support effective decision-making and independent challenge.  | Council is responsible for determining the long-term strategy of MPS as well as overseeing its direction, culture and performance.<br><br>Council has a Schedule of Matters Reserved for its decision and a governance structure comprising Council level committees to which it delegates specific responsibilities, as described in the Report of Council.<br><br>Responsibility for day-to-day decision making is delegated to the CEO and the Executive Committee.   |
| <b>Opportunity and risk</b>                     | A Board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value and establishing oversight for the identification and mitigation of risks.  | The Council approved the New World Strategy in 2024, which was launched in 2025.<br><br>In June 2025 Council met to review the strategy, consider what growth opportunities could be explored, approve an updated purpose and vision and define the long-term strategic ambitions to 2030. Short-term opportunities and risks are addressed as part of Quarterly Business Reviews and longer-term strategic opportunities are monitored and considered as part of Council's annual strategy days. Strategic risks, key operational risks and their mitigation are reviewed quarterly by Council and the Audit and Risk Committee review stress and scenario testing annually.  |
| <b>Remuneration</b>                             | A Board should promote Executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company.  | In last year's annual report, we detailed the in-depth review of total remuneration for the Executive Team, which the Remuneration and Nominations Committee undertook during 2024 to ensure that MPS can attract, retain and motivate key talent at the Executive level to deliver the Group's (New World) transformational strategy.<br><br>The key policy changes recommended by the review were approved by Council and implemented in 2025.<br><br>In addition, a review of our remuneration policy and total reward structures for our wider colleague population commenced with a desire to provide greater reward transparency and education to colleagues globally, from 2026.  |
| <b>Stakeholder relationships and engagement</b> | Directors should foster effective stakeholder relationships aligned to the company's purpose.<br><br>The Board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.  | The Council has reviewed key stakeholder relationships to ensure they remain effective and closely aligned with the Company's purpose.<br><br>In its decision-making, the Council has carefully considered stakeholders' views, particularly those of members, acknowledging their vital role in the Company's success – for further information on this see the s172(1) Statement on page 50.   |

## Statement of corporate governance arrangements

The following sections provide details of MPS's governance.

### The Council

During 2025, the Council consisted of a Non-Executive Chair, Non-Executive Directors, the Chief Executive and the Chief Finance Officer. MPS's constitution stipulates that the Chair and the majority of Council members must be Medical or Dental members of MPS.

Of the Non-Executive Directors (including the Chair), seven benefited from Medical or Dental Protection membership as at 31 December 2025 (2024: ten).

| Member of the Council                         | Number of meetings attended * |       |
|---|-------------------------------|-------|
|   | 2025                          | 2024  |
| Uma Baska<br>(appointed 1 August 2025)        | 3 (3)                         | N/A   |
| Samantha Blackie                              | 7 (7)                         | 6 (6) |
| Fiona Cornish<br>(resigned 25 June 2025)      | 2 (4)                         | 5 (6) |
| Anthony Fung                                  | 6 (7)                         | 6 (6) |
| Judith Husband                                | 5 (7)                         | 2 (2) |
| Damien Marmion                                | 5 (7)                         | 6 (6) |
| Karen Miller                                  | 6 (7)                         | 6 (6) |
| Edmund Morris                                 | 7 (7)                         | 6 (6) |
| Gozie Offiah                                  | 6 (7)                         | 5 (6) |
| Meghana Pandit<br>(resigned 31 December 2024) | N/A                           | 3 (6) |
| Richard Pile                                  | 7 (7)                         | 6 (6) |
| Stuart Purdy                                  | 7 (7)                         | 6 (6) |
| David Roytowski                               | 7 (7)                         | 6 (6) |
| Graham Stokes                                 | 6 (7)                         | 6 (6) |
| Michael Urmston                               | 6 (7)                         | 6 (6) |
| Tom Weitzman<br>(resigned 25 June 2025)       | 4 (4)                         | 5 (6) |
| Callum Youngson<br>(resigned 25 June 2025)    | 3 (4)                         | 6 (6) |

\*The number in brackets shows the number of eligible meetings.

All Non-Executive Directors, including the Chair, are considered independent. Non-Executive Directors who are not Medical or Dental Protection members have no financial interest in MPS beyond the fees they receive for their role on the Council. Non-Executive Directors who are Medical or Dental Protection members also receive fees for their role on the Council. Their personal membership of MPS is not deemed to compromise their independence.

MPS remains firmly committed to upholding Non-Executive independence in its decision-making and ensuring that all Directors fulfil their legal duties and responsibilities. To support this, all Directors are required to declare any interests for inclusion in a formal register, which is regularly reviewed. MPS also publishes an internal Code of Ethical Conduct that applies to all staff and Council members. Additionally, the roles of Chair and Chief Executive are kept separate, to maintain a clear distinction between the Council's governance and the executive management of the business.

All Council members, except the Chief Executive and the Chair of Dental Protection Limited, must be elected by members at the first general meeting following their appointment, if they were not initially appointed at a general meeting. Furthermore, one-third of the Council members (excluding the Chief Executive and the Chair of Dental Protection Limited) are required to retire at each general meeting. Retiring members, if willing, eligible, and recommended by the Council, may stand for re-election. Non-Executive members of the Council typically serve for a maximum of eight full years from the date of their election by the membership.

The Chief Executive is appointed and may be removed by the Council.

The Council is confident that exempting the Chief Executive from re-election does not compromise the independence or integrity of the Council.

The Chair of Dental Protection Limited serves on the Council ex officio. Their appointment to the Dental Protection Limited Board, along with their fellow Directors of Dental Protection, and their role as Chair, is made by the Council of MPS. The Company maintains a formal schedule of matters reserved exclusively for Council decisions, including strategy, financial policy, and major acquisitions or disposals.

All Council members have access to the advice and services of the Company Secretary. Additionally, procedures are in place to allow any Council member to obtain independent advice, at MPS's expense.

Non-Executive members of the Council convene independently of the Executive members on occasions throughout the year.

Additionally, provisions are in place for the Non-Executive members to meet without the Chair.

### Activities in the year

During the year, the Council has:

- Monitored performance against the Group's long-term strategy.
- Reviewed and approved strategic transactions.
- Approved the budget for the next financial year.
- Evaluated and approved the Group's tax strategy.
- Conducted quarterly reviews of the Group's financial performance.
- Approved the Annual Report and Financial Statements.
- Endorsed key policy statements, including the annual Modern Slavery statement.
- Reviewed the governance structure and activities of the Council's sub-committees.
- Conducted competitor analysis and reviewed market positioning.
- Considered the outputs and recommendations from an external independent Council performance evaluation report.
- Approved the risk management framework policy, risk appetite statements and risk preferences.
- Approved the updated Code of Ethical Conduct.
- Approved the Investment Policy.
- Considered business development opportunities in the UK and Ireland.
- Reviewed cases and claims performance.

### Council evaluation

In 2025, Council commissioned an externally facilitated and independently conducted performance evaluation. The review examined Council composition and culture, the effectiveness of oversight, stakeholder engagement, Board efficiency and the performance of its committees. Over the course of the year, Council considered the observations and recommendations arising from the evaluation and reflected on the actions required in response.

### Internal control

The Council holds overall responsibility for the Group's system of internal controls and for monitoring its effectiveness, while management is tasked with implementing the Council's policies on risk and control. MPS has a Chief Risk Officer who is responsible for promoting a member-focused and effective risk culture across the organisation, ensuring the financial security of the membership fund.

The Chief Risk Officer also reports to the Audit and Risk Committee.

The system of internal controls is designed to manage, rather than eliminate, the risk of failing to achieve business objectives. As a result, internal controls provide reasonable but not absolute assurance against material misstatement or loss.

MPS has a continuous process for identifying, evaluating, and managing significant risks. This process has been in place throughout the financial year and up to the approval date of the Annual Report and Financial Statements. Regular reviews are conducted at both departmental and corporate levels, during which management identifies key risks and assesses their significance based on the likelihood of occurrence and potential impact on MPS. Management then determines cost-effective actions to address these risks.

The Council has delegated responsibility for monitoring the effectiveness of the internal control system and the risk management process to the Audit and Risk Committee. For more information, refer to the "Audit and Risk Committee" section below.

The Council recognises the importance of regularly reviewing and monitoring its approach to overseeing the Company's systems of risk management and control. Accordingly, it continues to adapt its approach, considering the economic climate, evolving corporate governance trends, and relevant FRC guidance on key risks. Through the Audit and Risk Committee, the Council remains focused on all aspects of risk management and conducts regular reviews of key risks and their mitigating controls.

### Committees of the Council

The Council has several sub-committees, the members of which are listed on page 44.

### Audit and Risk Committee

The Audit and Risk Committee held five meetings through the year. Meetings were attended by MPS's external auditors, the Chair, the Chief Executive, the Chief Finance Officer, the Chief Risk Officer, and internal audit. At least once a year, the Committee holds separate discussions with internal and external audit, without management present. Additionally, senior managers may be invited to attend specific agenda items at the Committee's request.

As outlined above, the Audit and Risk Committee, acting on behalf of Council, evaluates the adequacy and effectiveness of risk management and control systems and makes recommendations to Council in respect of the appropriate risk appetite and risk preference statements.

The Chair of the Audit and Risk Committee reports meeting outcomes to the Council, including any recommendations. The Council also receives the full minutes of each meeting.

MPS re-engaged PwC to provide internal audit services for the financial year.

The internal audit function is responsible for providing assurance on a broad range of issues, including financial, corporate, and operational risks. This assurance is delivered through reporting and providing opinions based on monitoring activities, discussions, and reviews. Independent of all operational departments, the internal audit function operates under the oversight and co-ordination of the Audit and Risk Committee. The Committee reviews summaries of all internal audit reports, oversees the approval of the annual internal audit plan, and has the opportunity to question internal auditors during each meeting. Additionally, it monitors and, when necessary, challenges management's progress in addressing and resolving agreed audit recommendations promptly.

The Audit and Risk Committee also reviews the scope and outcomes of the external audit, assessing its quality, effectiveness, value for money, and the independence and objectivity of the auditor.

The Committee maintains a written policy to ensure the continued independence of the external auditor. This policy requires the auditor to provide a statement affirming their independence, imposes limits on the non-audit work they can undertake, and outlines guidelines for commissioning non-audit services from the auditor.

The Committee receives referrals for ethical guidance, oversees MPS's anti-financial crime policy, and receives the annual anti-financial crime risk assessment. Additionally, the Committee oversees the whistleblowing policy and reviews the Annual Report and Financial Statements prior to publication.

### Activities in the year

During the year, the Audit and Risk Committee:

- Assessed the appropriateness of the Group's Annual Report and Financial Statements.
- Reviewed key judgements made by management and accounting policies in relation to the Group's financial statements.
- Liaised with the external auditor to discuss their audit approach and identify any additional assessments of internal controls, or risk management, beyond their statutory duties, before assessing their findings and conclusions, in conjunction with management.
- Initiated and reviewed reports from management, as necessary, on systems of internal control and the effectiveness of risk management, including deep dives on cyber risk, disaster recovery capabilities, the IT estate, key supplier risks and data protection.
- Engaged with internal audit to define an annual work plan, confirm resource requirements, and then review audit outcomes through examination of reports issued.
- Reviewed the risk management process, including how the Group's risk strategy and appetite are determined, recommending the risk management framework policy, risk appetite and risk preferences to Council for approval.
- Reviewed quarterly updates from the Chief Risk Officer.
- Reviewed the Own Risk and Solvency Assessment including the emerging risk analysis.

### Asset and Liability Committee

The Asset and Liability Committee oversees MPS's investment strategy, reserve quantification, and capital position.

The Committee comprises primarily the Board members of MPI (London) Limited, a subsidiary of MPS, who, through this largely shared membership, jointly manage the Group's investment portfolio.

## Activities in the year

During the year, the Asset and Liability Committee met seven times and undertook the following activities:

- Reviewed the Group's quarterly investment performance.

- Received and considered the Group's investment strategy.

- Received reports on the Group's capital modelling.

- Considered quarterly funding updates.

- Assessed the approach to statistical reserving for reported claims and for potential unreported claims (EPFC), along with the procedures for an independent peer review by external consulting actuaries.

- Assessed assumptions for claims reserves and for potential unreported claims and reviewed provision reports.

- Approved the Actuarial Claims Reserving Policy and the Capital Management Policy.

- Reviewed various policies including the Liquidity Policy, the Counter-party Policy, and the Investment Policy.

## Technology Transformation Oversight Committee

Formed in 2024 the Technology Transformation Oversight Committee (TTOC) is responsible for providing strategic guidance and oversight of the Company's technology and digital transformation initiatives. Its role includes:

- Monitoring the effectiveness, risk management, and alignment of technology investments with the organisation's overall strategy.

- Ensuring that major technology projects deliver value, support innovation, and are implemented securely, efficiently, and ethically.

In 2025, TTOC met six times and considered:

- Updates on technology projects, including progress against plan and achievements of key milestones.

- Portfolio performance and funding.

- The operation of the Transformation Management Office.

- The strategic roadmap.

## Remuneration and Nominations Committee

The Remuneration and Nominations Committee (Remco) met seven times in 2025. Our President, Professor Dame Jane Dacre, the Chief Executive and the Chief People Officer were also in attendance for some of these meetings. No-one takes part in discussions concerning their own remuneration.

The Committee has clearly defined terms of reference and is responsible for:

- Recommending to the Council the overarching principles and parameters of the remuneration policy of MPS and overseeing the operation of a reward approach in line with this. The principles of our remuneration policy are:

- alignment to the business strategy and goals

- consistent application

- differentiation for performance

- being competitive.

MPS seeks to apply a remuneration policy appropriate for a mutual society.

Remco is responsible for:

- Establishing the salary and performance reward of the Executive members of the Council, and for reviewing the salary and performance reward proposals of other Executives who are not members of the Council.

- Overseeing the effectiveness, capability and development of the Council and its members, and approving the remuneration of the Council, its Committees, and subsidiary Committees.

- Succession planning for the Council and its Committees and ensuring the right balance, structure and composition of the Council and its Committees, and for recommending new Council appointments and appointments to subsidiary Boards and Committees.

## Activities in the year – Remuneration Policy

Last year, the Committee completed an in-depth review of total remuneration for Executive roles (which are both members and non-members of Council) to ensure MPS is able to attract, retain and motivate key talent at this level. The policy areas reviewed included:

- The introduction of a cash-based Long-Term Incentive Plan (LTIP) for members of the Executive Team. This scheme operates over a three-year period and is subject to achievement of clearly defined measures and targets, aligned to the strategy.

- The review of the annual bonus structure for members of the Executive Team to ensure a clear stretch in performance is reflected in the bonus opportunity available and underpinned by clear goal setting, aligned to the strategy.

- A review of the policy regarding annual bonus deferrals to ensure a three-year deferral period is maintained but remains relevant and appropriate given the introduction of the LTIP.

- These key policy changes were approved by Council and were implemented in 2025, enabling the appointment of several new Executives on market competitive terms, thereby building a strong and capable team to deliver the new strategy and the global cultural transformation for the benefit of members.

- Reviewed the MPS remuneration principles to ensure fairness remains at the heart of what we do. We continue to comply with the Real Living Wage globally, where there is either a prescribed rate or relevant guidance.

- A review of total reward packages for our wider colleague population continued throughout 2025 and bonus opportunities for many colleagues were increased for the 2025 performance year, in line with external market practice, reinforcing our high-performance culture.

- A review of our reward philosophy was undertaken underpinning the continued development of our remuneration policy and structures for our wider colleague population, coupled with a desire to provide greater transparency and education to colleagues globally.

## Activities in the year – Equity, Diversity and Inclusion

In 2025 we strengthened our commitment to Equity, Diversity and Inclusion (EDI) through:

- Developing a new global EDI Strategy which Council received in January 2026

- Developing a new global EDI Policy which Council approved in January 2026.

- Executive Team attendance at EDI Workshops, facilitated by EDI experts Brook Graham. Council attended a similar workshop in January 2026 focused on Council's role in enabling the success of the new global EDI strategy and prioritising EDI issues, risks and opportunities that most affect MPS.

## Activities in the year – Non-Executive Directors

### Nominations

During 2025, the Committee oversaw the development of a Board Appointments Conflicts of Interest Policy, subsequently approved by Council, designed to safeguard the integrity, independence, and effectiveness of the appointments process by ensuring that all actual, potential, or perceived conflicts of interest are identified, assessed, and managed appropriately during the appointment and tenure of Company Directors.

The tenure of a number of our Non-Executive Directors concluded with Dr Fiona Cornish; Mr Tom Weitzman; and Prof. Callum Youngson departing at the AGM. The Remuneration and Nominations Committee continued to assess the current and future skills, experience and diversity needs of the Council, and during the year oversaw processes which, following Council approval, resulted in the following appointments to Council:

- Ms Uma Baska (appointed 1 August 2025)

- Dr Catherine Rutland (appointed 1 January 2026)

Following Ms Samantha Blackie's request to step down from the role of Senior Independent Director, the Committee led a process which, following Council approval, resulted in the appointment of Dr Damien Marmion as the organisation's Senior Independent Director, effective from 18 December 2025.

In relation to Council sub-committees, the Remuneration and Nominations Committee led appointment processes during the year which, following Council approval, resulted in the following appointments:

- Dr Edmund Morris as Chair of the Medical Committee, effective from 26 June 2025.

- Dr Edmund Morris as Interim Chair of the Dental Protection Ltd Board, from 26 June to 31 December 2025.

- Dr Catherine Rutland as Chair of the Dental Protection Ltd Board, effective from 1 January 2026.

- Dr Judith Husband to the Audit and Risk Committee and Remuneration and Nominations Committee, effective from 1 January 2026.

- Ms Uma Baska to the Audit and Risk Committee and the Asset and Liability Committee, effective from 1 January 2026.

- Dr Anthony Fung to the MPS Foundation, effective from 1 January 2026.

- Dr David Roytowski to the Technology Transformation Oversight Committee, effective from 1 January 2026.

During the year, the Remuneration and Nominations Committee oversaw arrangements for the end-of-year review of all Council members, including the Chair. This included agreeing the approach and scope of the reviews, ensuring they were conducted in a proportionate and constructive manner, and considering how the outcomes would inform ongoing Board effectiveness, succession planning, and development. The Committee received assurance that the review process supported open reflection and continuous improvement, while maintaining appropriate independence and confidentiality.

Our current fee structures for Council members were also reviewed to ensure our remuneration approach is fit for purpose, reflective of usual market practice and aligned with our reward philosophy.

### Development

In 2025, governance compliance training for Council was strengthened, with all members completing updated e-learning modules, including a refreshed module on equality, diversity and inclusion.

Council members are invited annually to join the Institute of Directors to support their continuing professional development.

During the year, Council members participated in two focused workshops exploring the importance of values and behaviours in leadership roles, and how these underpin effective boardroom dynamics and organisational culture, to reflect the ongoing work across the society during the year.

## Remuneration paid

### Directors' emoluments

The standard remuneration for all Non-Executive members of the Council (other than the Chair) increased by 3%, to £31,516 (2024: £30,598), as of April 2025, which was lower than the overall 4.2% allocated to a range of colleague increases. The standard remuneration for the Chair of Council also increased by 3% as of April 2025, to £100,799 (2024: £97,863). Details on emoluments can be found in note 8 of the Financial Statements on page 64.

Most Non-Executive members of the Council also received fees for Committee Chair and membership appointments to various subsidiary Boards and Committees, the details of which are also set out in note 8 of the Financial Statements.

The President of the Council received a fee of £45,731 (2024: £44,295).

Non-Executive members of Council do not receive a performance related bonus. In addition to fees, Non-Executive members of Council are reimbursed for travel and accommodation expenses for attending Council and Committee meetings.

No Executive members of the Council (2024: none) were members of MPS's defined benefit pension scheme, details of which are set out in note 9 of the Financial Statements. Two members of the Council (2024: two) were members of the defined contribution pension scheme during 2025.

MPS regularly reviews Council and Committee remuneration, through analysis and benchmarking data. Council takes no part in discussions concerning their own remuneration.

## Medical Committee

The Medical Committee provided advice to Council on developments in medicine, sharing insights relevant to MPS and its medical members. During the year, Council resolved to dissolve the Committee, with effect from 31 December 2025, agreeing that it be replaced by a body established to inform and support the Executive Team.

## Dental Board

Dental Protection Limited, a wholly owned subsidiary, exists to support MPS in delivering its purpose; to support and protect the careers, reputations and financial security of dentists worldwide. During the year, Council resolved that, with effect from 31 December 2025, the Board of Dental Protection Limited would be reduced to a minimum statutory Board, with advisory input thereafter provided through a body established to inform and support the Executive Team.

## Political donations

No political donations were made in the financial year, which is Group policy (2024: £nil).

## Directors' and Officers' liability insurance

The Group maintains insurance cover for the protection of Directors and senior management from personal liabilities and costs which may arise in the course of fulfilling their duties. This insurance was in force during the year ended 31 December 2025 and up to the date of approval of the Group's financial statements.

## Statement by the Council in performance of their statutory duties in accordance with S172(1) of the Companies Act 2006

The Directors of MPS, both individually and together as the Council, have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of the membership (having regard to MPS's stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions made during the year ended 31 December 2025. In doing so, the Directors have considered (amongst other matters):

- The likely consequences of any decision in the long-term
- The interests of the Company's employees
- The need to foster the Company's business relationships with suppliers, members and others
- The impact of the Company's operations on the community and the environment
- The desirability of the Company maintaining a reputation for high standards of business conduct
- The need to act fairly as between members of the Company.

As part of their induction, members of Council are briefed on their duties and can access professional advice on these, either from the Company Secretary or, if they judge it necessary, from an independent adviser. It is important to recognise that in MPS, the members of Council fulfil their duties partly through a governance framework that delegates day-to-day decision-making to the Executive Team and indeed to wider employees of the Company. Details of this can be found in the Committees of the Council section on pages 47 to 49.

The following paragraphs summarise how the members of Council fulfil their duties:

### Sustainability

Our New World Strategy was considered formally at the annual Council strategy day and was designed to contribute to its success in delivering a better quality, more reliable service for members across the world. We will continue to operate our business within tight budgetary controls and in line with our financial targets.

### Our people, and how the Council engages with colleagues and takes account of their interests

The Council is committed to engaging with colleagues through formal and informal channels, to understand their views and to consider their interests as part of the decision-making process.

To do this, the Council monitors and seeks to act on feedback received from colleagues through:

- Colleague Engagement and Culture Surveys
- People Metrics
- Culture Diagnostic Project
- Meet and Greet events for Council members and colleagues.

Under our new high-performance framework, colleagues meet their line-manager regularly to review performance against objectives and to discuss feedback and personal development.

MPS have a regular meeting cadence to keep colleagues informed about our organisation and our performance. Our Senior Leaders meet with the Executive Team quarterly for a detailed review of organisational performance towards our Corporate Scorecard measures and transformation progress. Our People Leaders meet monthly on performance and operational issues, and we host an all-colleague call quarterly to discuss how MPS is performing and to recognise colleagues through our Values Awards scheme. All calls have time for questions and feedback.

Divisional meetings are held quarterly, where teams discuss the update and its relevance to their team and role.

We engage colleagues through a wide range of colleague networks including:

- Equity, Diversity and Inclusion Forum
- 7 Colleague Network Groups
- Wellbeing Group
- Local and organisation wide Employee Engagement Forums.

You can read more about this in our **Equity, Diversity and Inclusion Report here**.

During 2025, we ran two colleague surveys

- Colleague Engagement Survey – our engagement score of 87% is up 4 percentage points on 2024 and shows strong levels of engagement globally.
- Culture Survey – results show meaningful progress towards our strategic ambition of creating a great place to work.

The results of each survey are communicated to colleagues and have been used to inform our approach to people and workplace initiatives.

In 2025 we continued our commitment to invest in transformational leadership capability in conjunction with external partners for both our Executive and Senior Leader Teams. We also procured a similar programme for all People Leaders and completed an important diagnostic phase of work to align our development journey with our strategic priorities and leader feedback. This programme launched in Q1 of 2026 for People Leaders and emerging talent.

### Equity, Diversity and Inclusion Report

#### Policy Statement

MPS is committed to providing a working environment that is free from discrimination, where everyone has equitable access to opportunities, resources and support.

Equity means recognising that individuals may have different needs and removing barriers that prevent fair outcomes.

Diversity refers to the broad range of personal characteristics, backgrounds and experiences represented across our workforce.

Inclusion means creating an environment where people feel respected, valued and able to contribute fully.

In respect of the employment of disabled persons, we comply with the Equality Act 2010 by ensuring our recruitment processes are fair, accessible, and free from discrimination. We welcome applications from all candidates.

#### Reasonable Adjustments

We make reasonable adjustments to job roles, working environments, and interview processes to accommodate candidates and employees with disabilities, as required by the Equality Act 2010 (and legal obligations in other countries in which we employ colleagues).

#### Continued Employment

Our policy ensures that if an employee becomes disabled during their employment, we make every effort to provide necessary support, retraining, or role adjustments to enable them to continue their career with us.

#### Training & Development

We ensure all employees, regardless of disability, have equal access to training, career development, and promotion opportunities.

### Business relationships

We believe that effective corporate governance is critical to delivering our strategy and supporting our members. MPS recognises the importance of our wider stakeholders in delivering our strategy and achieving sustainability within our business. The Council is focused on developing and maintaining strong relationships with members and with suppliers. We value all of our suppliers and have multi-year contracts with key suppliers. For further details on how we work with our members and suppliers, see Our stakeholders section on pages 36 to 39.

### Community and environment

Our duty, in accordance with ISO26000, is to act as a sustainable business and recognise our responsibility to the communities in which our members operate. Our strategy takes into account the impact of the Group's operations on the community and environment and our wider societal responsibilities, and in particular how we impact the regions we serve across the world. For further details on how we interact with communities and the environment, see the Corporate Social Responsibility section on pages 32 to 33.

As the Board of Directors, the Council's intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and, good governance expected for a business such as ours and in doing so, will contribute to the delivery of our plan (see Statement of corporate governance arrangements on page 46). The intention is to nurture our reputation, through both the construction and delivery of our plan, that reflects our responsible behaviour.

### Stakeholders

MPS values the relationship it has with members and other stakeholders, and as the Board of Directors, the Council is openly committed to engaging with stakeholders through effective dialogue. The Council recognises the importance of our wider stakeholders in delivering our strategy and achieving sustainability within our business. It is the intention of the Council to behave responsibly toward all of our stakeholders and treat them fairly and equally, so they too may benefit from the successful delivery of our strategy. We have detailed our stakeholders and their importance to our business in Our stakeholders section on pages 36 to 39.

As part of its work on ensuring compliance with the Wates Principles, the Council reviewed and approved a stakeholder engagement plan which detailed MPS's key stakeholder base and explored how MPS could better engage with those it encounters and improve its business relationships.

The Council values its dialogue with members throughout the year on a diverse range of subjects. In particular, the Council uses the Annual General Meeting to communicate financial performance to members and encourage their participation. Members of the Audit and Risk, Remuneration and Nomination, and Asset and Liability Committees are present at the Annual General Meeting to respond to any relevant questions if necessary. The Notice for the Annual General Meeting is sent to members at least 21 clear days before the meeting date.

### Going concern

Members of the Council consider that MPS has adequate resources to continue in operation for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing the financial statements.

In forming this view, members of the Council have considered the UK's Financial Reporting Council (FRC) guidance for non-Code companies on the Going Concern Basis of Accounting. Members of the Council have approved short-term, detailed budget plans and financial forecasts, and have received and discussed a report detailing the current financial position of MPS, the implications of this over various time periods, the longer-term strategy and the actions being taken by MPS to ensure that it remains a going concern.

In considering the above, members of the Council have concluded that there are no material uncertainties which cast significant doubt on MPS's ability to continue as a going concern for at least 12 months from the date of signing the financial statements.

### Auditors

At the Annual General Meeting in June 2025, BDO LLP were re-appointed as the external auditor of the Group and its subsidiary entities across the globe.

### Statement of the Council's responsibility for the financial statements

The Council is responsible for preparing the Strategic Report, the Report of the Council and the financial statements in accordance with applicable law and regulations.

Company law requires the Council to prepare financial statements for each financial year. Under that law the Council has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including FRS 102 *"The Financial Reporting Standard Applicable in the UK and Republic of Ireland"*.

Under company law, the Council 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 of the comprehensive income of the parent company and Group for that period.

In preparing these financial statements, the Council is required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements 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.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Members of the Council confirm that:

- so far as each Council member is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Council members have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Council is 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.

### Approval

This report was approved by the Council on 29 April 2026 and signed on its behalf by:

  
**Rory Kelly**  
 Company Secretary

# Independent auditor's report to the members of The Medical Protection Society Limited

## Opinion on the financial statements

In our opinion:

- 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 2025, and of the Group's surplus for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of The Medical Protection Society Limited ("the parent company") and its subsidiaries (together "the Group") for the year ended 31 December 2025, which comprise The Consolidated Statement of Comprehensive Income, The Consolidated and Company Balance Sheets, The Consolidated Statement of Cash Flows, The Consolidated and Company Statements of Changes in Equity, and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

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 FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

## Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. 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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

## Other Companies Act 2006 reporting

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

- the information given in the Strategic Report and the Report of Council for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of Council have been prepared in accordance with applicable legal requirements.

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 Report of Council.

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

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

## Responsibilities of Directors

As explained more fully in the Statement of the Council's responsibility for the financial statements, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the 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.

*Extent to which the audit was capable of detecting irregularities, including fraud*

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

### *Non-compliance with laws and regulations*

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations. We considered the significant laws and regulations to be United Kingdom Accounting Standards, including Financial Reporting Standard 102.

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation.

### *Fraud*

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Performed a risk assessment, in conjunction with our actuarial specialists, for each class of business through assessment of volatility, tail-length, size of reserve and EPFC, and any significant change in incurred claims or exposure;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.

- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;

- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and

- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the area most susceptible to fraud to be the valuation of provisions for liabilities.

Our procedures, in conjunction with our actuarial specialists, in respect of fraud included:

- Performed independent projections using MPS historical data and our own actuarial techniques to assess the reasonableness of the level of reported negligence claims and EPFC disclosed;

- Challenged key assumptions, methods and actuarial models used to ensure estimates are objective and reasonable; and

- Reconciled data used in Actuarial projections to underlying systems.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [frc.org.uk/auditorsresponsibilities](http://frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Use of our report

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



**Thomas Reed**  
Senior Statutory Auditor  
For and on behalf of BDO LLP, Statutory Auditor London, UK.

Date: 05 May 2026

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Financial statements

## Consolidated Statement of Comprehensive Income

Year ended 31 December 2025

|  | Notes | 2025<br>£'000        | 2024<br>£'000 |
|--|-------|----------------------|---------------|
| <b>Income</b>  |       |                      |               |
| Members' subscriptions and other income                                    |       | <u>315,766</u>       | 312,569       |
| <b>Expenditure</b>   |       |                      |               |
| Claims costs and associated legal costs                                    | 17    | <b>161,757</b>       | 152,470       |
| Advisory costs and associated legal costs                                  | 17    | <b>70,036</b>        | 62,697        |
| Movement in projected insurance recoveries                                 |       | <b>562</b>           | (6,641)       |
| Education, publications and external relations                             | 5a    | <b>9,345</b>         | 7,898         |
| Administration expenses  | 5b    | <b>76,328</b>        | 67,465        |
| Impact of discounting  | 17    | <b>52,349</b>        | 24,184        |
| Loss on exchange movements   | 5c    | <b>17,910</b>        | 7,257         |
|  |       | <u>388,287</u>       | 315,330       |
| <b>Deficit of members' subscriptions and other income over expenditure</b> |       | <b>(72,521)</b>      | (2,761)       |
| Net income from investments  | 6     | <b>44,161</b>        | 158,212       |
| Net interest on defined benefit pension asset                              | 9     | <b>(765)</b>         | 362           |
| Change in fair value of investments  | 12a   | <b>72,069</b>        | 41,681        |
| Change in fair value of derivatives  | 12a   | <b>71,045</b>        | (82,202)      |
| <b>Contribution before taxation</b>  |       | <b>113,989</b>       | 115,292       |
| Tax charge on investment income and gains                                  | 7a    | <b>(30,895)</b>      | (28,775)      |
| <b>Net contribution for the year to funds available for members</b>        |       | <b>83,094</b>        | 86,517        |
| <b>Other comprehensive income</b>  |       |                      |               |
| Remeasurements of defined benefit pension scheme                           | 9     | <b>1,120</b>         | (29,882)      |
| <b>Total comprehensive income for the financial year</b>                   |       | <u><b>84,214</b></u> | 56,635        |

The Consolidate Statement of Comprehensive Income has been prepared on the basis that all activities relate to continuing operations.

The notes on pages 59 to 80 form part of these financial statements.

## Consolidated and Company Balance Sheets

Year ended 31 December 2025

|  | Notes | 2025<br>Group<br>£'000 | 2024<br>Group<br>£'000 | 2025<br>Company<br>£'000 | 2024<br>Company<br>£'000 |
|--|-------|------------------------|------------------------|--------------------------|--------------------------|
| <b>Fixed assets</b>                              |       |                        |                        |                          |                          |
| Intangible assets                                | 10    | 8,889                  | 11,194                 | 8,997                    | 11,320                   |
| Tangible assets                                  | 11    | 33,230                 | 33,806                 | 33,175                   | 33,669                   |
| Investments                                      | 12a   | 2,631,514              | 2,898,441              | 1,338,701                | 1,338,701                |
| Derivative assets                                | 12a   | 4,453                  | 25,263                 | -                        | -                        |
|  |       | <u>2,678,086</u>       | <u>2,968,704</u>       | <u>1,380,873</u>         | <u>1,383,690</u>         |
| <b>Current assets</b>                            |       |                        |                        |                          |                          |
| Debtors - receivable within one year             | 14    | 120,780                | 140,655                | 166,835                  | 198,991                  |
| - receivable after one year                      | 14    | 15,595                 | 14,466                 | 29,673                   | 28,205                   |
| Defined benefit pension asset - due after 1 year | 9     | 5,861                  | 5,506                  | 5,861                    | 5,506                    |
| Bank deposit accounts                            |       | 510,818                | 183,140                | 16,424                   | 15,829                   |
| Cash at bank and in hand                         |       | 52,480                 | 42,596                 | 50,684                   | 37,813                   |
|  |       | <u>705,534</u>         | <u>386,363</u>         | <u>269,477</u>           | <u>286,344</u>           |
| Creditors: amounts falling due within one year   | 15    | (188,851)              | (180,246)              | (232,782)                | (225,707)                |
|  |       | <u>516,683</u>         | <u>206,117</u>         | <u>36,695</u>            | <u>60,637</u>            |
| <b>Net current assets</b>                        |       |                        |                        |                          |                          |
|  |       | <u>516,683</u>         | <u>206,117</u>         | <u>36,695</u>            | <u>60,637</u>            |
| <b>Total assets less current liabilities</b>     |       |                        |                        |                          |                          |
|  |       | <u>3,194,769</u>       | <u>3,174,821</u>       | <u>1,417,568</u>         | <u>1,444,327</u>         |
| Creditors: amounts falling due after one year    | 16    | (2,232)                | (585)                  | (2,156)                  | (585)                    |
| Provisions for liabilities                       | 17    | (796,977)              | (771,094)              | (760,375)                | (734,580)                |
| Derivative liabilities                           | 12a   | (49,130)               | (140,926)              | -                        | -                        |
|  |       | <u>2,346,430</u>       | <u>2,262,216</u>       | <u>655,037</u>           | <u>709,162</u>           |
| <b>Net assets</b>                                |       |                        |                        |                          |                          |
|  |       | <u>2,346,430</u>       | <u>2,262,216</u>       | <u>655,037</u>           | <u>709,162</u>           |
| <b>Accumulated funds</b>                         |       |                        |                        |                          |                          |
| Income and expenditure                           |       | <u>2,346,430</u>       | <u>2,262,216</u>       | <u>655,037</u>           | <u>709,162</u>           |
| Funds available for members                      | 22    | <u>2,346,430</u>       | <u>2,262,216</u>       | <u>655,037</u>           | <u>709,162</u>           |

The parent company's net contribution for the financial year was a deficit of £55.2m (2024: £7.1m surplus).

The financial statements were approved and authorised for issue by the Council and were signed on its behalf on 29 April 2026.



Graham Stokes  
Chair of the Council



Karen Miller  
Chief Executive

The Medical Protection Society Limited  
Registered Company No. 00036142

The notes on pages 59 to 80 form part of these financial statements.

## Consolidated Statement of Cash Flows

Year ended 31 December 2025

|   | 2025<br>£'000  | 2024<br>£'000    |
|---|----------------|------------------|
| <b>Cash flows from operating activities</b>                                   |                |                  |
| Net contribution for the year to funds available for members                  | 83,094         | 86,517           |
| <i>Adjustments for:</i>   |                |                  |
| Amortisation of intangible assets   | 3,882          | 3,832            |
| Depreciation of tangible assets   | 2,286          | 1,857            |
| Revaluation of investment property  | 683            | -                |
| Foreign exchange translation  | 17,910         | 7,257            |
| Interest received   | (27,750)       | (33,858)         |
| Taxation charge   | 30,895         | 28,775           |
| Net fair value (gains)/losses recognised in Statement of Comprehensive Income | (143,114)      | 40,521           |
| Loss on disposal of tangible assets   | 61             | 432              |
| Decrease/(increase) in debtors  | 4,744          | (66,472)         |
| Increase in creditors   | 51,506         | 49,592           |
| Increase/(decrease) in provisions   | 12,375         | (10,192)         |
| Net interest on defined benefit pension asset                                 | 765            | (362)            |
| <b>Cash from operations</b>   | <u>37,337</u>  | <u>107,899</u>   |
| Income taxes paid   | (42,853)       | (37,276)         |
| <b>Net cash (used in)/generated from operating activities</b>                 | <u>(5,516)</u> | <u>70,623</u>    |
| <b>Cash flows from investing activities</b>                                   |                |                  |
| Purchase of intangible assets   | (1,577)        | (3,618)          |
| Purchase of tangible assets   | (2,454)        | (11,521)         |
| Proceeds from sale of fixed asset investments                                 | 981,310        | 922,825          |
| Purchase of fixed asset investments   | (675,136)      | (1,351,164)      |
| Interest received   | 27,750         | 33,858           |
| <b>Net cash generated from/(used in) investing activities</b>                 | <u>329,893</u> | <u>(409,620)</u> |
| <b>Net cash used in financing activities</b>                                  |                |                  |
|   | <u>-</u>       | <u>-</u>         |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                   | <u>324,377</u> | <u>(338,997)</u> |
| Foreign exchange translation  | (19,702)       | (4,903)          |
| Cash and cash equivalents at beginning of year                                | 600,692        | 944,592          |
| <b>Cash and cash equivalents at end of year</b>                               | <u>905,367</u> | <u>600,692</u>   |

The notes on pages 59 to 80 form part of these financial statements.

**Analysis of Changes in Net Funds**

|                               | At<br>1 Jan 2025 | Cash flow<br>movement | Foreign<br>exchange | At<br>31 Dec 2025 |
|-------------------------------|------------------|-----------------------|---------------------|-------------------|
|                               | £'000            | £'000                 | £'000               | £'000             |
| Cash at bank and in hand      | 42,596           | 11,260                | (1,376)             | <b>52,480</b>     |
| Bank deposit accounts         | 183,140          | 329,773               | (2,095)             | <b>510,818</b>    |
| Cash with investment managers | 374,956          | (16,656)              | (16,231)            | <b>342,069</b>    |
| <b>Net funds</b>              | <b>600,692</b>   | <b>324,377</b>        | <b>(19,702)</b>     | <b>905,367</b>    |

Of the net funds held by MPS, £16.0m (2024: £15.4m) is held in trust on behalf of the MPS Periodical Payments Trust, which was established to provide security for payments to be made in satisfaction of periodical payment orders. The Trust's funds, which are invested in a segregated, managed cash portfolio, can only be used to meet liabilities resulting from periodical payment orders and are not available to settle any other MPS liabilities.

**Consolidated Statement of Changes in Equity****Year ended 31 December 2025**

|   | <b>Income and<br/>Expenditure</b> |
|---|-----------------------------------|
|   | <b>£'000</b>                      |
| At 1 January 2024                               | 2,205,581                         |
| Net contribution for the year                   | 86,517                            |
| Remeasurement of defined benefit pension scheme | (29,882)                          |
| Total comprehensive income for the year         | 56,635                            |
| <b>At 31 December 2024</b>                      | <b>2,262,216</b>                  |
| Net contribution for the year                   | 83,094                            |
| Remeasurement of defined benefit pension scheme | 1,120                             |
| Total comprehensive income for the year         | <b>84,214</b>                     |
| <b>At 31 December 2025</b>                      | <b>2,346,430</b>                  |

**Company Statement of Changes in Equity****Year ended 31 December 2025**

|   | <b>Income and<br/>Expenditure</b> |
|---|-----------------------------------|
|   | <b>£'000</b>                      |
| At 1 January 2024                               | 731,912                           |
| Net contribution for the year                   | 7,132                             |
| Remeasurement of defined benefit pension scheme | (29,882)                          |
| Total comprehensive income for the year         | (22,750)                          |
| <b>At 31 December 2024</b>                      | <b>709,162</b>                    |
| Net contribution for the year                   | (55,245)                          |
| Remeasurement of defined benefit pension scheme | 1,120                             |
| Total comprehensive income for the year         | <b>(54,125)</b>                   |
| <b>At 31 December 2025</b>                      | <b>655,037</b>                    |

**Notes to the financial statements****1 Company information**

The Medical Protection Society Limited is a private company, limited by guarantee, registered in England with company number 00036142 at Level 19, The Shard, 32 London Bridge Street, London, SE1 9SG.

**2 Basis of preparation of the financial statements**

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis, except for the modification to a fair value basis for certain financial instruments and investment property, as specified in the accounting policies below.

The financial statements are presented in Sterling (£) and are rounded to the nearest thousand (£'000).

The Group's financial statements consolidate the financial statements of The Medical Protection Society Limited and its subsidiary undertakings, as detailed in note 13. The consolidation is prepared as at 31 December each year.

After reviewing the Company's forecasts and projections, members of the Council have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For further detail on this assessment, see the Going Concern section, in the Report of the Council, which forms part of these financial statements, on page 51. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

**3 Significant accounting judgements and estimates**

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are addressed below.

**Provision for the future cost of claims (note 17)**

Provision is made, as appropriate, for estimated future costs and damages, legal costs and claims handling costs expected to arise from all requests for assistance, which have been notified to MPS by 31 December, and in respect of which MPS has exercised its discretion to provide indemnity. These provisions require management's best estimate of the costs that will be incurred. The timing of cash flows and the discount rates used to establish the net present value of the future settlements require management's judgement and are detailed in the relevant accounting policy (note 4(k)).

No provision is made in the financial statements for the potential claims that may arise from incidents that occurred before 31 December, but which had not been reported to MPS at that date. This is a key judgement area which the Council has considered in detail, concluding that these potential claims do not constitute a liability, as recognition is dependent on the exercise of discretion by MPS; and there is no constructive or legal obligation to recognise them until such discretion is exercised. The exercise of discretion by MPS is set out in the Articles of Association in paragraph 40.

In reaching this judgement, the Council considered whether members have a valid expectation that assistance will be provided, in full, with regards to all submitted claims. Having considered how discretion is exercised by MPS, the Council concluded that there cannot be a valid expectation that all requests for assistance will be met in full, and therefore that it is not appropriate to make a provision for potential claims that have not been reported by 31 December. However, the Council believes it is appropriate to make an estimate of the cost of these potential future claims when assessing the adequacy of MPS's funding position. This estimate is disclosed in note 22.

**Defined benefit pension scheme (note 9)**

The Group has obligations to pay pension benefits to current and past employees who are members of the defined benefit pension scheme ("the scheme"). The cost of these benefits and the present value of the obligation are dependent on a number of factors, such as life expectancy, asset valuations and the discount rate on corporate bonds. Management estimates these factors, with guidance from external actuaries, in order to determine the net pension obligation in the Balance Sheet. The assumptions reflect historical experience and current trends.

**Valuation of unlisted investments (note 12a)**

Some of the investments held by the Group are not traded on active markets and so it is not possible to value the asset or liability using a quoted price in an active market. Where there is no quoted price available, it is sometimes possible to use observable market data for valuation; examples include forward foreign exchange contracts and interest rate swaps. Where there is an absence of quoted prices and observable market data, the Company relies on the valuation methodology applied by the investment manager to ascertain the fair value of the assets; these are disclosed in level 3 of the fair value hierarchy in note 12d.

The Council has judged that the valuation policies and controls, which the investment managers have in place for unlisted investments, are sufficient to be able to use the valuations provided to account for the investments at fair value.

Further details on the valuation of investments and derivatives are disclosed in the accounting policies section in notes 4(h) and 4(i).

**Deferred tax**

In preparing the financial statements, members of the Council made the assumption that the equity investments, as shown in note 12(a), are held for long-term investment. The deferred tax payable on the change in fair value of these investments is taxable only at the point of disposal.

**4 Principal accounting policies****(a) Consolidation**

The Group financial statements comprise a consolidation of the financial statements of the parent company (the "Company") and all of its subsidiary undertakings (together, the "Group") as at 31 December and as identified in note 13.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at the fair value at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

As a Consolidated Statement of Comprehensive Income is published, the parent company has taken advantage of the exemption in section 408 of the Companies Act 2006 and has not included its own Statement of Comprehensive Income in these financial statements.

As a Consolidated Statement of Cash Flows is published, the parent company has taken advantage of the exemption in paragraph 1.12(b) of FRS 102 and has not included its own Statement of Cash Flows in these financial statements.

**(b) Subscription income**

Subscription income comprises amounts receivable during the year, apportioned to accounting periods based on actual membership periods and stated at the fair value of the consideration receivable. It is recognised when the Company has performed its obligation to provide a period of membership, which allows members to seek assistance for incidents occurring during that period, and in exchange obtained the right to consideration. Income is not deferred beyond the end of the period of membership, as future benefits arising from that period of membership will be subject to the Council exercising its discretion to provide such benefits. No geographical analysis of subscription income is shown because, in the opinion of MPS, it would be seriously prejudicial for the Group to do so.

The notes on pages 59 to 80 form part of these financial statements.

**(c) Intangible assets and amortisation**

Intangible assets are recognised at cost. Amortisation is provided on a straight-line basis against the cost of intangible assets so as to write them down to nil value over their expected useful lives. Where there is evidence of impairment, intangible assets are written-down to their current valuation, with any such write down being charged against net contribution to funds, within the Statement of Comprehensive Income. The expected useful lives of intangible assets are:

|                              |            |
|------------------------------|------------|
| Intellectual property rights | 5 years    |
| Copyrights                   | 22 years   |
| Software                     | 5-10 years |

**(d) Tangible assets and depreciation**

Tangible assets are recognised at cost. Depreciation is provided on a straight-line basis against the cost of tangible assets so as to write them down to their estimated residual value over their expected useful lives. Where there is evidence of impairment, tangible assets are written-down to recoverable amounts. Any such write down is recognised immediately against net contribution to funds, within the statement of comprehensive income. The expected useful lives of tangible assets are:

|                        |                       |
|------------------------|-----------------------|
| Freehold buildings     | 40 years              |
| Leasehold property     | the term of the lease |
| Computers              | 4 years               |
| Furniture and fittings | 20 years              |
| Office equipment       | 6.5 years             |

Land is not depreciated.

**(e) Investment properties**

Investment properties, for which the fair value can be measured reliably on an ongoing basis, are measured at fair value, annually, with any change recognised in net contribution to funds, within the Statement of Comprehensive Income.

**(f) Translation of foreign currency transactions**

Income and expenditure in foreign currencies are translated to the Sterling equivalent at the rate ruling at the transaction date. Monetary assets and liabilities appearing in the Balance Sheet are translated at the rate of exchange ruling at 31 December. Any gains or losses are taken to net contribution to funds, within the Statement of Comprehensive Income.

**(g) Net investment income**

Investment income is made up of interest, dividends, realised gains/losses and derivative income. Interest receivable is brought into account on an accruals basis, under the effective interest method, with derivative income and realised gains/losses accounted for when received/paid.

As equity investments are in pooled funds and unit trusts, dividend income is reinvested rather than distributed. Such income is therefore included within the fair value movement on investments rather than being recorded as dividend income.

**(h) Investments**

Investments are recognised initially at fair value which is normally the transaction price. They are then subsequently measured as follows:

Listed investments (which include cash held by the investment managers awaiting investment) are subsequently measured at fair value, through the net contribution to funds, within the Statement of Comprehensive Income, using the bid-price. Changes in fair value are recognised in net contribution to funds.

Unlisted investments, for which an independent market valuation is available, are measured at fair value, through the net contribution to funds, within the Statement of Comprehensive Income.

Unlisted infrastructure funds are measured at fair value using a discounted cash flow valuation methodology. In this methodology the future cash flows that are expected to be generated by an asset and made available to the fund, for example through dividends or loan repayments, are estimated, and these are discounted back to the valuation date. The discount rate comprises a risk premium reflecting the uncertainty associated with the cash flows, and the risk-free interest rate applicable in the country in which the asset is located. The risk premium is determined as the implied risk premium at acquisition, unless there is an inherent change in the risk profile of the business which may necessitate a change. Foreign assets are converted using the exchange rate on the valuation date. Changes in fair value are recognised in net contribution to funds, within the Statement of Comprehensive Income.

The direct lending fund is carried at fair value. Fair value is determined by using the funds valuation approach which is based on a net asset value. Unlisted direct lending funds are measured at par value, including any deferred interest which has been capitalised up to the valuation date. If the senior debt or bond has an S&P Rating of “CCC+” or lower, a fair value is determined by applying a standardised valuation approach. Thereby, the fair enterprise value of the respective company is derived based on a fair enterprise value (EV) determination. The EV is computed using a variety of techniques including, but not limited to, determination based on latest EBITDA figures (or forecast/budgeted EBITDA figures) using public and private transaction multiples as comparables. Where the fair enterprise value determined above is less than the underlying company’s net debt position, the investment is written-down to the fair value calculated correspondingly.

The inflation opportunities portfolio and multi-asset credit investments are measured using the net asset values provided by the fund managers. The funds contain a variety of assets that are measured at fair value through the net contribution to funds, within the Statement of Comprehensive Income. The fair value of the underlying financial instruments is based on their quoted mid-market prices at the reporting date. If a quoted market price is not available on a recognised stock exchange, or from a broker/dealer for non-exchange traded financial instruments, the fair value of the instrument is estimated using valuation techniques, including use of recent arm’s length market transactions, pricing models, or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions. Collective Investment Schemes (CIS) are priced based on the valuation supplied by the administrator of the CIS. Financial assets include investments in open-ended investment funds. Fair value is based on the underlying fund administrator’s calculation of net asset value per share, which will be the latest mid-prices published by the collective investment schemes, unless any adjustments are required for illiquidity, low trading volumes or any such factors that indicate that the mid-price may not be fair value.

For real estate debt funds, any underlying properties are valued in accordance with Practice Statement 4.2 of the Appraisal and Valuation Manual (1995) of the Royal Institution of Chartered Surveyors (RICS). For the ground rent element where the investment is in “strips”, the fair value is deemed to be equal to the historical cost, adjusted for amortisation and other payments received, less any impairment.

Investments in subsidiaries are stated at cost, less provision for impairment, where necessary, to reduce the book value to the recoverable amount.

**(i) Derivative financial instruments**

Derivative financial instruments are recognised at fair value using a specified valuation technique, with any gains or losses being reported in the Statement of Comprehensive Income. Outstanding derivatives at the reporting date are included under the appropriate format heading depending on the nature of the derivative.

MPS currently targets a liability hedge of 100%, using a mix of physical assets and derivative exposures. This strategy is designed to cover both recognised liabilities and potential future costs; that is, costs related to incidents which have not yet been notified to us but where MPS may, in the future, apply discretion to support such requests. Collateral is received/given, in cash, to support derivative assets/liabilities, as appropriate. Gilt repurchases are used to generate cash for collateral when required. Any cash given remains an asset of MPS and any cash received is not recognised until the derivative position is realised. MPS retains economic ownership of gilts posted as collateral.

Interest rate swaps are valued on a daily basis by MPS’s investment managers, using a detailed valuation methodology for a zero-coupon interest rate swap. Interest rate curves using real-time quotes from a number of market sources are used to value the swaps along with interpolation required to calculate the cash flow due, or payable, on each swap’s floating rate leg. The investment manager reconciles the valuations on a daily basis, between their own systems and those of the counterparty. In addition, an independent third-party agent is also used to value the trades. The three-way reconciliation process ensures that the valuations are in line with the market on any given day and enables variations in valuation between the investment manager and the counterparty to be investigated in a timely manner.

A third-party currency management system is utilised by MPS’s investment managers to obtain valuations for foreign exchange forward contracts. This system uses WM Reuters Fix rate to value the open market contracts against the traded rate. The number of contracts and any market value difference is reconciled against counterparties daily and material variances flagged for further investigation.

In addition, the Group’s investment managers are permitted to hold derivative financial instruments to enhance investment returns. These instruments are measured at fair value, with any changes in value, and gains or losses, credited or charged against net contribution to funds, within the Statement of Comprehensive Income.

The currency swaps are not designed to be a perfect hedge, and the Group has not adopted any form of hedge accounting.

**(j) Cash deposits**

Cash deposits (consisting of bank deposit accounts, and cash at bank and in hand) are held to meet working capital requirements or when awaiting long-term investment within MPS’s managed portfolios. A range of deposit accounts and cash equivalents, such as liquidity funds, are used for this purpose. The funds are kept liquid with the vast majority available on call.

Cash equivalents are short-term, highly liquid assets, which are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value.

**(k) Provisions for liabilities****Costs and damages for claims**

Provisions are created, as appropriate, for estimated future costs and damages, legal costs and claims handling costs expected to arise from all claims that have been notified to MPS by 31 December in respect of which MPS has exercised discretion to provide indemnity. The estimate of these costs is provided on an individual basis, by claims managers, along with an estimation of the likelihood that MPS will have to settle the claim. These estimates are stated before deducting estimated recoveries from insurers, which are disclosed separately within debtors. Estimated recoveries are reassessed quarterly.

The discounted future settlement values are deemed to be the best estimate of these costs. The unwinding of the discount is separately identified in the claims provision (note 17) and is disclosed as the impact of discounting within net contribution to funds, in the Statement of Comprehensive Income.

**Incurred but not reported (IBNR)**

As a result of our Syndicate activities through the Lloyd’s of London market, provisions are created, as appropriate, for estimated future claims costs which are expected to arise from insurance contracts, where incidents have not been reported to the Syndicate at 31 December, but which are expected

to be valid claims. The value of such claims is based on actuarial estimates, which take into consideration the average settlement period. Due to the nature of these policies, these claims are not discounted, however, claims inflation was estimated to be 6.6% (2024: 5.7%).

**Dilapidations**

Provisions are created, as appropriate, for the estimated future cost of restoring leasehold property assets back to their original condition. Estimates are based on the present value of the expected cost required to settle the obligation, discounted, where appropriate, at a rate which is linked to the Group’s return on investments.

**Onerous lease**

Provisions are created, as appropriate, for the estimated, unavoidable, future cost of any lease commitment where those costs are deemed to be in excess of the future economic benefits. Any such provision is recognised at the point that the lease becomes onerous.

Provisions for onerous leases are reversed where the economic benefits of a given lease outweigh the committed cost.

**(l) Tax**

Current tax is recognised for the amount of corporation tax payable in respect of the taxable surplus for the current or past reporting periods, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except otherwise as indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable gains. Deferred tax is calculated using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date, that are expected to apply to the reversal of the timing difference.

The tax (charge)/credit is presented either in net contribution to funds, within the Statement of Comprehensive Income, or in equity, depending on the transaction that resulted in the tax (charge)/credit.

Deferred tax liabilities are presented within provisions and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if the Group has a legally enforceable right to offset current tax assets against current tax liabilities, and the deferred tax assets and deferred tax liabilities relate to taxes levied by the same taxation authority.

**(m) Pensions**

MPS operates two types of pension scheme: defined contribution and defined benefit.

A defined contribution scheme is a pension scheme under which the Group pays fixed contributions and provides no guarantee as to the quantum of retirement benefits that those contributions will ultimately purchase. A defined benefit scheme is one that is not a defined contribution scheme.

The assets of both schemes are invested and managed independently of MPS’s finances.

**Defined contribution schemes**

The costs of the defined contribution pension schemes (the contributions) are charged to the Statement of Comprehensive Income in the year to which they relate.

**Defined benefit schemes**

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method, which attributes entitlement to benefits to the current cost period to calculate current service cost, and to the current and prior periods to determine the present value of defined benefit obligations, and is based on actuarial advice. When a settlement or a curtailment occur, the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss, which is recognised in the income statement during the period in which it occurs.

The net interest element is determined by multiplying the net defined benefit asset/liability by the discount rate at the start of the period, taking into account any changes in the net defined benefit asset/liability during the period as a result of contribution and benefit payments. The net interest is recognised in net contribution to funds, within the Statement of Comprehensive Income, as other finance income, or cost.

Remeasurements, including actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit asset/liability (excluding amounts included in net interest), are recognised immediately in Other Comprehensive Income in the period in which they occur. Remeasurements are not reclassified to net contribution to funds in subsequent periods.

The defined benefit pension asset, or liability, in the Balance Sheet comprises the total present value of the defined benefit obligation, calculated using a discount rate based on UK gilts, less the fair value of plan assets, out of which the obligations are to be settled. Fair value is based on market price information, and in the case of quoted securities, is the published bid price.

Defined benefit pension scheme surpluses are limited to the extent they are considered recoverable, either through reduced contributions or agreed refunds from the scheme.

The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of the scheme, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, the Company considers the rate of return from UK gilts and future RPI inflation by deriving a single-weighted average over the appropriate Bank of England curve (extrapolated for years beyond 25) taking account of the scheme's projected benefit cash flows at each duration. The mortality rate is based on publicly available mortality tables for the UK.

Further information on the structure of the defined benefit scheme is contained within note 9.

#### (n) Operating leases

Leases where substantially all of the risks and rewards of ownership are not transferred to the Group are treated as operating leases. Rentals under operating leases are charged against net contribution to funds, within the statement of comprehensive income, on a straight-line basis, over the period of the lease.

Operating lease incentives are recognised, on a straight-line basis, as a reduction of the rental expense, over the term of the lease.

#### (o) Current assets and liabilities

Current assets and liabilities (except in relation to the defined benefit pension scheme) are measured at the present value of future cash flows. These amounts are tested for impairment, with any impairment charged against net contribution to funds, within the statement of comprehensive income.

#### 5a Education, publications and external relations

Included under this classification are costs associated with developing and delivering education and risk management services to members, the aim of which is to reduce risk; liaising with regulators, legislators and professional representative bodies around the world, on behalf of members and wider healthcare professions, on matters relevant to MPS and to members.

#### 5b Administration expenses

|  |              |       |
|--|--------------|-------|
|  | <b>2025</b>  | 2024  |
|  | <b>£'000</b> | £'000 |

Included under this classification are:

|  |              |       |
|--|--------------|-------|
| Operating lease rentals:                                       |              |       |
| - Land and buildings   | <b>2,929</b> | 2,756 |
| - Office equipment   | <b>50</b>    | 158   |
| Depreciation of tangible assets (note 11)                      | <b>2,286</b> | 1,857 |
| Amortisation of intangible assets (note 10)                    | <b>3,882</b> | 3,832 |
| Employer contributions to defined contribution pension schemes | <b>9,308</b> | 8,364 |

Auditor's remuneration:

|  |            |     |
|--|------------|-----|
| <i>Services to the Company and its subsidiaries</i>                                    |            |     |
| Fees payable to the Company's auditor for the audit of the annual financial statements | <b>270</b> | 260 |

|   |            |     |
|---|------------|-----|
| Fees payable to the Company's auditor and its associates for other services:            |            |     |
| Audit of the financial statements of the Company's subsidiaries pursuant to legislation | <b>148</b> | 136 |

|   |           |    |
|---|-----------|----|
| <i>Services to the Company's associated pension scheme</i>              |           |    |
| Audit of the financial statements of the Scheme pursuant to legislation | <b>18</b> | 16 |

The largest proportion of Administration expenses relates to wages and salaries costs along with associated employee benefits. See note 8 for further details.

#### 5c Exchange movements

The majority of the (gains)/losses within exchange movements relate to the restatement of cash and investment assets held to match those liabilities denominated in foreign currencies. These (gains)/losses are substantially offset by a corresponding increase/decrease within regional claim liabilities, which are included in Claims costs and associated legal costs within the Consolidated Statement of Comprehensive Income.

#### 6 Net income from investments

|                                |                 |         |
|--------------------------------|-----------------|---------|
|                                | <b>2025</b>     | 2024    |
|                                | <b>£'000</b>    | £'000   |
| Bond and gilt interest         | <b>73,036</b>   | 87,580  |
| Bank interest                  | <b>27,750</b>   | 33,858  |
| Other investment income        | <b>39,854</b>   | (3,693) |
| Derivative (payments)/receipts | <b>(96,479)</b> | 40,467  |
|                                | <b>44,161</b>   | 158,212 |

Other investment income includes distributions from the infrastructure, real estate debt, multi-asset credit and inflation opportunities funds.

As disclosed in note 4(g), dividend income from MPS's equity investments is not distributed but is reinvested and therefore included in the Change in fair value of investments rather than as Net income from investments in the Consolidated Statement of Comprehensive Income.

#### 7a Tax charge on income and gains/(losses) from investments

|                                       |                |        |
|---------------------------------------|----------------|--------|
|                                       | <b>2025</b>    | 2024   |
|                                       | <b>£'000</b>   | £'000  |
| <b>Current tax</b>                    |                |        |
| UK corporation tax                    | <b>37,533</b>  | 17,287 |
| Adjustments in respect of prior years | <b>(4,886)</b> | 5,427  |
| Overseas taxation                     | <b>104</b>     | 2,236  |
| <b>Total current tax</b>              | <b>32,751</b>  | 24,950 |

#### Deferred tax

|  |                |         |
|--|----------------|---------|
| Origination and reversal of timing differences | <b>3,009</b>   | 10,465  |
| Adjustment in respect of prior years           | <b>(4,865)</b> | (6,640) |
| <b>Total deferred tax</b>                      | <b>(1,856)</b> | 3,825   |

#### Tax charge on investment income and gains in the Consolidated Statement of Comprehensive Income for the year

|  |               |        |
|--|---------------|--------|
|  | <b>30,895</b> | 28,775 |
|--|---------------|--------|

#### 7b Factors affecting the tax charge for the year

The effective tax assessed for the year is higher (2024: lower) than the standard rate of corporation tax in the United Kingdom at 25%, (2024: 25%). The differences are explained as follows:

|   |                |         |
|---|----------------|---------|
|   | <b>2025</b>    | 2024    |
|   | <b>£'000</b>   | £'000   |
| Contribution before tax   | <b>113,989</b> | 115,292 |
| Income and net gains from investments multiplied by the standard rate of corporation tax in the UK of 25% (2024: 25%) | <b>28,497</b>  | 28,823  |
| RPI linked indexation   | <b>(1,243)</b> | (481)   |
| Adjustment in respect of prior years – current tax  | <b>(4,886)</b> | 5,427   |
| Adjustment in respect of prior years – deferred tax   | <b>(4,865)</b> | (6,640) |
| Disallowable mutual trade losses/gains  | <b>13,280</b>  | (610)   |
| Foreign tax   | <b>104</b>     | 2,236   |
| Deferred tax not recognised   | <b>8</b>       | 39      |
| Utilisation of losses brought forward   | <b>-</b>       | (19)    |
| <b>Tax charge for the year</b>  | <b>30,895</b>  | 28,775  |

The disallowable mutual trade losses above are the balance of members' subscription income less related expenditure, which, due to MPS's mutual status, is not subject to corporation tax.

The aggregate current and deferred tax relating to items that are recognised as items of Other Comprehensive Income is £nil (2024: £nil).

#### 7c Factors that may affect future tax charges

The UK corporation tax rate for the year is 25% (2024: 25%). There are no enacted or substantively enacted changes in tax rates or laws that are expected to affect the Company's future tax charge. Consequently, no significant factors affecting future tax charges have been identified.

**8 Directors and employees**

The average number of people, including Directors and all members of the Council, employed in the provision of services to members during the year was 1,011 for the Group (2024: 1,006) and 944 for the Company (2024: 940). Costs in respect of these employees were:

|                       | 2025<br>Group<br>£'000 | 2024<br>Group<br>£'000 | 2025<br>Company<br>£'000 | 2024<br>Company<br>£'000 |
|-----------------------|------------------------|------------------------|--------------------------|--------------------------|
| Wages and salaries    | 57,467                 | 52,417                 | 54,567                   | 49,810                   |
| Social security costs | 7,397                  | 5,785                  | 7,208                    | 5,605                    |
| Pension costs         | 9,157                  | 8,626                  | 8,827                    | 8,314                    |
|                       | <b>74,021</b>          | <b>66,828</b>          | <b>70,602</b>            | <b>63,729</b>            |

Employee costs are apportioned between Claims costs and associated legal costs, Advisory costs and associated legal costs, Administration expenses, and Education, publications and external relations, within the Consolidated Statement of Comprehensive Income. The apportionment reflects the benefits obtained across these areas.

|   | Salary/fees<br>£'000 | TB<br>£'000 | PR <sup>1</sup><br>£'000 | Other<br>£'000 | PEN<br>£'000 | Total<br>£'000 | EXPS <sup>2</sup><br>£'000 | 2024<br>£'000 |
|---|----------------------|-------------|--------------------------|----------------|--------------|----------------|----------------------------|---------------|
| <b>Executive members</b>                    |                      |             |                          |                |              |                |                            |               |
| Karen Miller (Chief Executive) <sup>3</sup> | 432                  | 13          | 141                      | 42             | 25           | 653            | -                          | 556           |
| Richard Pile                                | 302                  | 14          | 130                      | -              | 26           | 472            | -                          | 451           |
| <b>Non-Executive members</b>                |                      |             |                          |                |              |                |                            |               |
| Ian Eardley                                 | -                    | -           | -                        | -              | -            | -              | -                          | 62            |
| Fiona Cornish                               | 21                   | -           | -                        | -              | -            | 21             | -                          | 43            |
| Stuart Purdy                                | 63                   | -           | -                        | -              | -            | 63             | 6                          | 61            |
| David Roytowski                             | 41                   | -           | -                        | -              | -            | 41             | 21                         | 40            |
| Graham Stokes                               | 100                  | -           | -                        | -              | -            | 100            | 11                         | 82            |
| Michael Urmston                             | 53                   | -           | -                        | -              | -            | 53             | 1                          | 51            |
| Tom Weitzman                                | 20                   | -           | -                        | -              | -            | 20             | -                          | 40            |
| Callum Youngson                             | 28                   | -           | -                        | -              | -            | 28             | 3                          | 52            |
| Meghana Pandit                              | -                    | -           | -                        | -              | -            | -              | -                          | 38            |
| Edmund Morris                               | 50                   | -           | -                        | -              | -            | 50             | 2                          | 44            |
| Gozie Offiah                                | 53                   | -           | -                        | -              | -            | 53             | 2                          | 48            |
| Damien Marmion                              | 51                   | -           | -                        | -              | -            | 51             | 1                          | 48            |
| Samantha Blackie                            | 71                   | -           | -                        | -              | -            | 71             | 3                          | 75            |
| Anthony Fung                                | 36                   | -           | -                        | -              | -            | 36             | 12                         | 35            |
| Judith Husband                              | 12                   | -           | -                        | -              | -            | 12             | -                          | 12            |
| Uma Baska                                   | 13                   | -           | -                        | -              | -            | 13             | -                          | -             |
| <b>Total</b>                                | <b>1,346</b>         | <b>27</b>   | <b>271</b>               | <b>42</b>      | <b>51</b>    | <b>1,737</b>   | <b>62</b>                  | <b>1,738</b>  |

Key:

TB Taxable Benefits – Includes car allowance and medical benefits.

PR Performance Reward – Includes the amount earned in the year for targets achieved in the current year as well as an amount earned in the year which was deferred from previous years, where performance thresholds have been met in the current year and approval has been provided by the Remuneration and Nominations Committee. These amounts are paid in the following March.

PEN Employer pension contributions – Includes contributions to defined contribution schemes or via alternative arrangements

EXPS Non-Executive Directors are reimbursed for expenses incurred. In some cases, these are grossed up to account for any Tax or National Insurance liability in order that the expense incurred is fully reimbursed.

<sup>1</sup>An additional performance reward is deferred and payable over three years, subject to certain performance thresholds being met and approval provided by the Remuneration and Nominations Committee. That bonus will be paid in equal parts across March 2028, 2029 and 2030.

<sup>2</sup>The total value of expenses reimbursed in the prior year was £64,000.

<sup>3</sup>The value shown in OTHER represents a payment made in March 2025 which was agreed as part of the recruitment process. MPS agreed to incorporate bonuses and awards that would be forfeited upon joining as part of the new CEO's remuneration package.

During the year, final payments of £nil (2024: £138k) were made to former Directors in relation to their services in that role.

**Executive Director performance reward achieved in 2025**

|                                | In-year 2025<br>Payable<br>£'000 | Deferred 2025 Payment<br>(Potentially payable from 2026 – 2028)<br>£'000 |
|--------------------------------|----------------------------------|--|
| Karen Miller (Chief Executive) | 126                              | 126  |
| Richard Pile                   | 84                               | 84   |

|                                | In-year 2024<br>Payable<br>£'000 | Deferred 2024 Payment<br>(Potentially payable 2025 – 2027)<br>£'000 |
|--------------------------------|----------------------------------|---|
| Karen Miller (Chief Executive) | 47                               | 47  |
| Richard Pile                   | 49                               | 49  |

**9 Pensions**

MPS operates two types of pension scheme: a funded, defined benefit pension scheme, which is administered under Trust, and a defined contribution pension scheme, which is overseen by the Defined Contribution Oversight Committee. The assets of both schemes are held independently of MPS's finances.

Contributions to the defined contribution scheme are charged to the Statement of Comprehensive Income in the year to which they relate.

Contributions to the defined benefit scheme were paid to the scheme in accordance with the Schedule of Contributions agreed between the Trustees and MPS. The defined benefit scheme was closed to new entrants on 1 November 2013, at which time the defined contribution scheme was introduced. On 30 September 2018, the defined benefit scheme was closed to future accrual, meaning no additional service has been accrued since that date and pension increases until retirement will be limited to RPI, rather than any assumptions on pay increases.

The funding of the defined benefit scheme is based on a triennial valuation. The last full actuarial valuation completed, and agreed, was as at 31 December 2024. This was signed on 30 January 2025. The valuation indicated that, on the agreed funding basis, the defined benefit scheme had a surplus of £3.8m. This compares to a surplus of £18m at the previous valuation, as at 31 December 2020. The valuation has then been further updated to the accounting date by an independent qualified actuary, including updating underlying membership data to reflect scheme membership as at 31 December 2025.

As a result of the funding position, there are currently no deficit contributions payable and therefore there is no 'minimum funding requirement' in force.

At the start of 2024, the Pension Trustees entered into a buy-in transaction with Rothesay, to match the liabilities of the MPS defined benefit pension scheme with an insurance policy. The liabilities will transfer to Rothesay and the pension scheme will be fully transferred in the next financial year.

The following tables set out, as at the reporting date, the key assumptions used for the defined benefit scheme, the fair values of the assets, analysed by asset class, the present value of the scheme liabilities, and the resulting pension surplus. Since the closure of the scheme to future accrual, any asset would not be recoverable through a reduction in future contributions to the scheme, however, it is recoverable on conclusion of the buy-out.

## 9 Pensions

## Amounts recognised in the Balance Sheet

|                                      | 2025         | 2024         |
|--------------------------------------|--------------|--------------|
|                                      | £'000        | £'000        |
| Fair value of scheme assets          | 106,705      | 107,899      |
| Present value of obligations         | (100,844)    | (102,393)    |
| <b>Defined benefit pension asset</b> | <b>5,861</b> | <b>5,506</b> |

## Movement in the defined benefit pension asset

|   | 2025         | 2024         |
|---|--------------|--------------|
|   | £'000        | £'000        |
| Opening defined benefit pension asset           | 5,506        | 35,026       |
| (Cost)/gain in net contribution to funds        | (765)        | 362          |
| Amount recognised in other comprehensive income | 1,120        | (29,882)     |
| <b>Closing defined benefit pension asset</b>    | <b>5,861</b> | <b>5,506</b> |

## Amounts recognised in the Statement of Comprehensive Income

|  | 2025         | 2024            |
|--|--------------|-----------------|
|  | £'000        | £'000           |
| Net interest income on defined benefit pension asset             | 272          | 1,549           |
| Scheme administration fees                                       | (1,037)      | (1,187)         |
| <b>Total (loss)/gain recognised in net contribution to funds</b> | <b>(765)</b> | <b>362</b>      |
| Remeasurements   | 1,120        | (29,882)        |
| <b>Amounts recognised in other comprehensive income</b>          | <b>1,120</b> | <b>(29,882)</b> |

| Assets                      | 2025       |                | 2024       |                |
|-----------------------------|------------|----------------|------------|----------------|
|                             | %          | £'000          | %          | £'000          |
| Cash and net current assets | 5          | 5,861          | 7          | 7,144          |
| Annuity policy              | 95         | 100,844        | 93         | 100,755        |
| <b>Total</b>                | <b>100</b> | <b>106,705</b> | <b>100</b> | <b>107,899</b> |

The fair value of scheme assets moved over the year as follows:

|  | 2025           | 2024           |
|--|----------------|----------------|
|  | £'000          | £'000          |
| Opening fair value of scheme assets        | 107,899        | 139,549        |
| Interest on assets                         | 5,727          | 6,183          |
| Benefits paid                              | (4,666)        | (3,156)        |
| Expenses paid                              | (1,037)        | (1,187)        |
| Actual return on plan assets less interest | (1,218)        | (33,490)       |
| <b>Closing fair value of scheme assets</b> | <b>106,705</b> | <b>107,899</b> |
| Actual return on assets                    | 4,509          | (27,307)       |

## Liabilities

The present value of obligations moved over the year as follows:

|   | 2025           | 2024           |
|---|----------------|----------------|
|   | £'000          | £'000          |
| Opening present value of obligations        | 102,393        | 104,523        |
| Interest on obligation                      | 5,455          | 4,634          |
| Benefits paid                               | (4,666)        | (3,156)        |
| Actuarial (gain)/loss                       | (2,338)        | (3,608)        |
| <b>Closing present value of obligations</b> | <b>100,844</b> | <b>102,393</b> |

## Actuarial assumptions

|                            | 2025 | 2024 |
|----------------------------|------|------|
|                            | % pa | % pa |
| Price RPI inflation        | 3.2  | 3.4  |
| Discount rate              | 5.5  | 5.5  |
| Pension increases (RPI 5%) | 3.0  | 3.2  |
| Pension increases (RPI 3%) | 2.3  | 2.4  |

On the basis of the assumptions used for life expectancy, a male pensioner currently aged 60 would be expected to live for a further 25.7 years (2024: 25.5 years) and a female pensioner currently aged 60 would be expected to live for a further 28.0 years (2024: 28.0 years). Allowance is made for future improvements in life expectancy.

As the scheme was closed to future accrual in September 2018, MPS did not make contributions during the year to 31 December 2025 (2024: £nil). No contributions are payable under the current schedule of contributions, as agreed with the Trustees.

**10 Intangible assets**

|                            | Software<br>£'000 | Copyrights<br>£'000 | Assets under<br>construction<br>£'000 | Total<br>£'000 |
|----------------------------|-------------------|---------------------|---------------------------------------|----------------|
| <b>Group</b>               |                   |                     |                                       |                |
| <b>Cost</b>                |                   |                     |                                       |                |
| At 1 January 2025          | 34,741            | 16                  | 2,308                                 | 37,065         |
| Additions                  | -                 | -                   | 1,577                                 | 1,577          |
| Disposals                  | (2,728)           | -                   | -                                     | (2,728)        |
| <b>At 31 December 2025</b> | <b>32,013</b>     | <b>16</b>           | <b>3,885</b>                          | <b>35,914</b>  |
| <b>Amortisation</b>        |                   |                     |                                       |                |
| At 1 January 2025          | 25,855            | 16                  | -                                     | 25,871         |
| Charge in year             | 3,882             | -                   | -                                     | 3,882          |
| Released on disposal       | (2,728)           | -                   | -                                     | (2,728)        |
| <b>At 31 December 2025</b> | <b>27,009</b>     | <b>16</b>           | <b>-</b>                              | <b>27,025</b>  |
| <b>Net book value</b>      |                   |                     |                                       |                |
| <b>At 31 December 2025</b> | <b>5,004</b>      | <b>-</b>            | <b>3,885</b>                          | <b>8,889</b>   |
| At 31 December 2024        | 8,886             | -                   | 2,308                                 | 11,194         |

|                            | Software<br>£'000 | Copyrights<br>£'000 | Assets under<br>construction<br>£'000 | Total<br>£'000 |
|----------------------------|-------------------|---------------------|---------------------------------------|----------------|
| <b>Company</b>             |                   |                     |                                       |                |
| <b>Cost</b>                |                   |                     |                                       |                |
| At 1 January 2025          | 34,722            | 394                 | 2,308                                 | 37,424         |
| Additions                  | -                 | -                   | 1,577                                 | 1,577          |
| Disposals                  | (2,728)           | -                   | -                                     | (2,728)        |
| <b>At 31 December 2025</b> | <b>31,994</b>     | <b>394</b>          | <b>3,885</b>                          | <b>36,273</b>  |
| <b>Amortisation</b>        |                   |                     |                                       |                |
| At 1 January 2025          | 25,836            | 268                 | -                                     | 26,104         |
| Charge in year             | 3,882             | 18                  | -                                     | 3,900          |
| Released on disposal       | (2,728)           | -                   | -                                     | (2,728)        |
| <b>At 31 December 2025</b> | <b>26,990</b>     | <b>286</b>          | <b>-</b>                              | <b>27,276</b>  |
| <b>Net book value</b>      |                   |                     |                                       |                |
| <b>At 31 December 2025</b> | <b>5,004</b>      | <b>108</b>          | <b>3,885</b>                          | <b>8,997</b>   |
| At 31 December 2024        | 8,886             | 126                 | 2,308                                 | 11,320         |

Assets under construction relate to the long-term development of membership systems which will further support claims and non-claims administration activity. As the asset is not yet available for use, no amortisation has been charged.

**11 Tangible assets**

|                             | Investment<br>property<br>£'000 | Freehold<br>land and<br>buildings<br>£'000 | Leasehold<br>property<br>£'000 | Computers,<br>furniture,<br>fittings<br>and office<br>equipment<br>£'000 | Total<br>£'000 |
|-----------------------------|---------------------------------|--|--------------------------------|--|----------------|
| <b>Group</b>                |                                 |  |                                |  |                |
| <b>Cost or valuation</b>    |                                 |  |                                |  |                |
| At 1 January 2025           | 8,870                           | 16,524                                     | 5,026                          | 21,025   | 51,445         |
| Additions                   | -                               | -  | -                              | 2,454  | 2,454          |
| Disposals                   | -                               | (3)  | -                              | (1,190)  | (1,193)        |
| Transfer between categories | 5,325                           | 1,854                                      | -                              | (7,179)  | -              |
| Revaluations                | (683)                           | -  | -                              | -  | (683)          |
| <b>At 31 December 2025</b>  | <b>13,512</b>                   | <b>18,375</b>                              | <b>5,026</b>                   | <b>15,110</b>  | <b>52,023</b>  |
| <b>Depreciation</b>         |                                 |  |                                |  |                |
| At 1 January 2025           | -                               | 6,825                                      | 2,575                          | 8,239  | 17,639         |
| Charge in year              | -                               | 432  | 435                            | 1,419  | 2,286          |
| Disposals                   | -                               | -  | -                              | (1,132)  | (1,132)        |
| <b>At 31 December 2025</b>  | <b>-</b>                        | <b>7,257</b>                               | <b>3,010</b>                   | <b>8,526</b>   | <b>18,793</b>  |
| <b>Net book value</b>       |                                 |  |                                |  |                |
| <b>At 31 December 2025</b>  | <b>13,512</b>                   | <b>11,118</b>                              | <b>2,016</b>                   | <b>6,584</b>   | <b>33,230</b>  |
| At 31 December 2024         | 8,870                           | 9,699                                      | 2,451                          | 12,786   | 33,806         |

|                             | Investment<br>property<br>£'000 | Freehold<br>land and<br>buildings<br>£'000 | Leasehold<br>property<br>£'000 | Computers,<br>furniture,<br>fittings<br>and office<br>equipment<br>£'000 | Total<br>£'000 |
|-----------------------------|---------------------------------|--|--------------------------------|--|----------------|
| <b>Company</b>              |                                 |  |                                |  |                |
| <b>Cost or valuation</b>    |                                 |  |                                |  |                |
| At 1 January 2025           | 8,870                           | 16,524                                     | 4,708                          | 20,841   | 50,943         |
| Additions                   | -                               | -  | -                              | 2,424  | 2,424          |
| Disposals                   | -                               | (3)  | -                              | (1,190)  | (1,193)        |
| Transfer between categories | 5,325                           | 1,854                                      | -                              | (7,179)  | -              |
| Revaluation                 | (683)                           | -  | -                              | -  | (683)          |
| <b>At 31 December 2025</b>  | <b>13,512</b>                   | <b>18,375</b>                              | <b>4,708</b>                   | <b>14,896</b>  | <b>51,491</b>  |
| <b>Depreciation</b>         |                                 |  |                                |  |                |
| At 1 January 2025           | -                               | 6,825                                      | 2,341                          | 8,108  | 17,274         |
| Charge in year              | -                               | 432  | 351                            | 1,391  | 2,174          |
| Disposals                   | -                               | -  | -                              | (1,132)  | (1,132)        |
| <b>At 31 December 2025</b>  | <b>-</b>                        | <b>7,257</b>                               | <b>2,692</b>                   | <b>8,367</b>   | <b>18,316</b>  |
| <b>Net book value</b>       |                                 |  |                                |  |                |
| <b>At 31 December 2025</b>  | <b>13,512</b>                   | <b>11,118</b>                              | <b>2,016</b>                   | <b>6,529</b>   | <b>33,175</b>  |
| At 31 December 2024         | 8,870                           | 9,699                                      | 2,367                          | 12,733   | 33,669         |

Investment properties were acquired in 2012, 2016 and 2017 in open market, arm's length transactions. The revaluation was conducted by an independent, third-party valuer, Jones Lang LaSalle, on an open market basis as at 31 December 2025.

The historical cost of investment properties held at fair value is £22.7m (2024: £18.5m).

All of the leasehold properties held at 31 December 2025, by the Group and by the Company, are short leaseholds.

**Capital commitments**

Capital expenditure approved and contracted for amounted to £nil in total (2024: £3.4m).

**11a Operating leases**

The Company leases a small number of properties to third parties. These non-cancellable leases have remaining terms of between 1 and 7 years. Future minimum rentals receivable under non-cancellable operating leases are as follows:

|                            | 2025<br>Group<br>£'000 | 2024<br>Group<br>£'000 | 2025<br>Company<br>£'000 | 2024<br>Company<br>£'000 |
|----------------------------|------------------------|------------------------|--------------------------|--------------------------|
| Within one year            | 1,399                  | 1,399                  | 1,399                    | 1,399                    |
| Between one and five years | 2,639                  | 3,785                  | 2,639                    | 3,785                    |
| Over five years            | 666                    | 1,132                  | 666                      | 1,132                    |
|                            | <u>4,704</u>           | <u>6,316</u>           | <u>4,704</u>             | <u>6,316</u>             |

**12a Investments and derivatives****Group**

|                             | Total<br>investments<br>£'000 | Total<br>derivatives<br>£'000 |
|-----------------------------|-------------------------------|-------------------------------|
| Valuation at 1 January 2025 | 2,898,441                     | (115,663)                     |
| Investment additions        | 675,136                       | (59)                          |
| Disposals at carrying value | (993,172)                     | -                             |
| Movement in cash balances   | (20,960)                      | -                             |
| Transfers                   | -                             | -                             |
| Fair value adjustments      | 72,069                        | 71,045                        |
| <b>At 31 December 2025</b>  | <u><b>2,631,514</b></u>       | <u><b>(44,677)</b></u>        |

**Company**

|                                      | Total<br>investments<br>£'000 |
|--------------------------------------|-------------------------------|
| Investment in subsidiaries (note 13) |                               |
| Cost as at 1 January 2025            | 1,338,701                     |
| <b>As at 31 December 2025</b>        | <u><b>1,338,701</b></u>       |

**Investments comprise**

|  | Group<br>2025<br>£'000 | Group<br>2024<br>£'000 | Company<br>2025<br>£'000 | Company<br>2024<br>£'000 |
|--|------------------------|------------------------|--------------------------|--------------------------|
| Listed investments                             | 1,197,680              | 1,466,409              | -                        | -                        |
| Unlisted investments                           | 1,027,884              | 1,005,125              | -                        | -                        |
| Shares in Group undertakings                   | -                      | -                      | 1,338,701                | 1,338,701                |
|  | <u>2,225,564</u>       | <u>2,471,534</u>       | <u>1,338,701</u>         | <u>1,338,701</u>         |
| Funds at Lloyd's deposits                      | 63,881                 | 51,952                 | -                        | -                        |
| Cash   | 342,069                | 374,955                | -                        | -                        |
|  | <u>2,631,514</u>       | <u>2,898,441</u>       | <u>1,338,701</u>         | <u>1,338,701</u>         |
| <i>Derivative financial instruments (12b):</i> |                        |                        |                          |                          |
| - assets                                       | 4,453                  | 25,263                 | -                        | -                        |
| - liabilities                                  | (49,130)               | (140,926)              | -                        | -                        |
|  | <u>(44,677)</u>        | <u>(115,663)</u>       | <u>-</u>                 | <u>-</u>                 |

For further information on derivative financial instruments, see note 12b.

All other fixed asset investments are measured at fair value with changes in value reflected in the net contribution to funds, within the Statement of Comprehensive Income.

**12b Derivative Financial Instruments**

The following derivative financial instruments, recognised in note 12a, were held at the end of the year:

## Interest Rate Swaps

| Duration   | Nature of contract     | Notional value<br>£'000 | Asset<br>£'000 | Liability<br>£'000 |
|------------|------------------------|-------------------------|----------------|--------------------|
| 2yrs-10yrs | Pay fixed for floating | 1,082,450               | 3,062          | (46,299)           |

## Forward Foreign Exchange Contracts

| Duration                 | Nature of contract | Notional value<br>bought ('000) | Asset<br>£'000      | Liability<br>£'000     |
|--------------------------|--------------------|---------------------------------|---------------------|------------------------|
| 3 Months                 | Sell USD Buy HKD   | 1,880,001                       | -                   | (130)                  |
| 3 Months                 | Sell HKD Buy USD   | 6,702                           | -                   | (16)                   |
| 3 Months                 | Sell USD Buy ILS   | 24,001                          | 161                 | -                      |
| 3 Months                 | Sell ILS Buy USD   | 907                             | -                   | (3)                    |
| 3 Months                 | Sell USD Buy MYR   | 143,999                         | 341                 | -                      |
| 3 Months                 | Sell USD Buy SGD   | 69,000                          | -                   | (2,077)                |
| 3 Months                 | Sell SGD Buy USD   | 1,555                           | -                   | (605)                  |
| 3 Months                 | Sell EUR Buy GBP   | 13,140                          | 50                  | -                      |
| 3 Months                 | Sell USD Buy GBP   | 1,491                           | 6                   | -                      |
| 3 Months                 | Sell GBP Buy ZAR   | 386,000                         | 833                 | -                      |
|                          |                    |                                 | <u>1,391</u>        | <u>(2,831)</u>         |
| <b>Total derivatives</b> |                    |                                 | <u><b>4,453</b></u> | <u><b>(49,130)</b></u> |

**12c Collateral amounts given/received**

The following collateral balances at fair value were held at the end of the year, relating to amounts given/received against unrealised losses/gains respectively on derivative financial instruments shown in note 12b.

| Derivative held     | Form of collateral | Given<br>£'000 | Received<br>£'000 |
|---------------------|--------------------|----------------|-------------------|
| Interest rate swaps | Cash               | 25,312         | -                 |

## 12d Fair value hierarchy

## Financial assets at fair value through net contribution to funds

|                                   | Level 1<br>£'000 | Level 2<br>£'000 | Level 3<br>£'000 | Total<br>£'000   |
|-----------------------------------|------------------|------------------|------------------|------------------|
| <b>At 31 December 2025</b>        |                  |                  |                  |                  |
| Equities                          | 189,581          | -                | -                | 189,581          |
| Government and other bonds        | 819,025          | -                | 22,683           | 841,708          |
| Infrastructure                    | -                | -                | 275,005          | 275,005          |
| Multi-asset credit                | 189,074          | -                | 107,832          | 296,906          |
| Inflation opportunities portfolio | -                | -                | 196,634          | 196,634          |
| Real estate and ground rent       | -                | -                | 115,531          | 115,531          |
| Direct lending                    | -                | -                | 310,199          | 310,199          |
|                                   | <b>1,197,680</b> | <b>-</b>         | <b>1,027,884</b> | <b>2,225,564</b> |
| Derivative financial instruments  | -                | 4,453            | -                | 4,453            |
|                                   | <b>1,197,680</b> | <b>4,453</b>     | <b>1,027,884</b> | <b>2,230,017</b> |
| <b>At 31 December 2024</b>        |                  |                  |                  |                  |
| Equities                          | 170,123          | -                | -                | 170,123          |
| Government and other bonds        | 851,899          | -                | -                | 851,899          |
| Infrastructure                    | -                | -                | 261,011          | 261,011          |
| Multi-asset credit                | 444,387          | -                | 123,095          | 567,482          |
| Inflation opportunities portfolio | -                | -                | 223,627          | 223,627          |
| Real estate and ground rent       | -                | -                | 113,115          | 113,115          |
| Direct lending                    | -                | -                | 284,277          | 284,277          |
|                                   | <b>1,466,409</b> | <b>-</b>         | <b>1,005,125</b> | <b>2,471,534</b> |
| Derivative financial instruments  | -                | 25,263           | -                | 25,263           |
|                                   | <b>1,466,409</b> | <b>25,263</b>    | <b>1,005,125</b> | <b>2,496,797</b> |

## Financial liabilities at fair value through net contribution to funds

|                                  | Level 1<br>£'000 | Level 2<br>£'000 | Level 3<br>£'000 | Total<br>£'000   |
|----------------------------------|------------------|------------------|------------------|------------------|
| <b>At 31 December 2025</b>       |                  |                  |                  |                  |
| Derivative financial instruments | -                | (49,130)         | -                | <b>(49,130)</b>  |
| <b>At 31 December 2024</b>       |                  |                  |                  |                  |
| Derivative financial instruments | -                | (140,926)        | -                | <b>(140,926)</b> |

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

- Level 1 Valued using quoted prices in active markets for identical assets.
- Level 2 Valued by reference to valuation techniques using observable inputs other than quoted prices included in level 1.
- Level 3 Valued by reference to valuation techniques using inputs that are not based on observable market data.

## 13 Investments in subsidiary undertakings

The parent company has the following interests in subsidiary undertakings, with an associated cost of parent investment as follows:

| Name  | Interest <sup>1</sup> | Cost (£'000)     | Registered office   | Nature of business   |
|---|-----------------------|------------------|---|--|
| Dental Protection Limited                               | 100%                  | -                | 32 London Bridge Street, SE1 9SG, England.  | To provide insight on dental issues which impact MPS.  |
| A.C.N 050132833 Pty Ltd                                 | 100%                  | -                | RSM Australia, Level 7/1 Martin Place, Sydney, NSW 2000, Australia.   | Holding company.   |
| DPL Australia Pty Limited                               | 100%                  | -                | RSM Australia, Level 7/1 Martin Place, Sydney, NSW 2000, Australia.   | To manage the administrative affairs of dental members in Australia and to act as a corporate authorised representative of MDA National. |
| MPS Holdings Australia Pty Limited                      | 100%                  | 10               | RSM Australia, Level 7/1 Martin Place, Sydney, NSW 2000, Australia.   | Holding company.   |
| The Cognitive Consulting Group Pty Limited <sup>2</sup> | 100%                  | -                | RSM Australia, Level 7/1 Martin Place, Sydney, NSW 2000, Australia.   | To provide communication skills and risk management training to healthcare professionals.  |
| MPI (London) Limited                                    | 100%                  | 1,307,001        | 32 London Bridge Street, SE1 9SG, England.  | To manage the investment portfolio for MPS.  |
| MPS Periodical Payment Trustee Limited                  | 100%                  | 40               | 32 London Bridge Street, SE1 9SG, England.  | Corporate Trustee.   |
| MPS (Hong Kong Services) Pte Ltd                        | 100%                  | -                | Room 1916, 19/F, Lee Garden One 33 Hysan Avenue, Causeway Bay, Hong Kong.                                   | To provide administration, training and oversight functions relating to MPS members in Hong Kong.  |
| MPS South Africa Services (Pty) Ltd                     | 100%                  | -                | 1st Floor Block B, North Park Black River Park, 2 Fir Street Observatory, Western Cape, 7925, South Africa. | To provide administration, training and oversight functions relating to MPS members in South Africa.                                     |
| MPS (Singapore Services) Pte. Ltd                       | 100%                  | -                | 10 Changi Business Park Central 2, #05-01, Hansapoint @CBP, Singapore (486030).                             | To provide administration, training and oversight functions relating to MPS members in Singapore.  |
| MPSUW Limited   | 100%                  | 500              | 32 London Bridge Street, SE1 9SG, England.  | An approved Lloyd's of London Coverholder; distributing medical malpractice insurance policies to corporate healthcare providers.        |
| MPSUW South Africa (Pty) Limited <sup>2</sup>           | 100%                  | -                | 1st Floor Block B North Park Black River Park, 2 Fir Street, Observatory, Western Cape, 0000, South Africa. | Setup to facilitate the distribution of medical malpractice insurance to corporate healthcare providers.                                 |
| MPSUW Ireland Limited <sup>2</sup>                      | 100%                  | -                | 25-28 North Wall, Dublin 1, D01H104, Ireland.   | Setup to facilitate the distribution of medical malpractice insurance to corporate healthcare providers.                                 |
| MPSCM Limited   | 100%                  | 31,150           | 32 London Bridge Street, SE1 9SG, England.  | A Corporate Member of Lloyd's of London; supporting the underwriting activities of Syndicate 1892.                                       |
| Medical and Dental Defence Services Limited             | 100%                  | -                | 6A Palmiste Drive Phillipine, La Romain, 651222, Trinidad & Tobago.   | To provide administration, training and oversight functions relating to MPS members in Trinidad & Tobago.                                |
| MPSJS Limited   | 100%                  | -                | 48 Duke Street, Kingston CSO, Kingston, Jamaica.  | To provide administration, training and oversight functions relating to MPS members in Jamaica.  |
|   |                       | <b>1,338,701</b> |   |  |

<sup>1</sup> Parent interest in ordinary shares and voting rights. No changes through the current year.

<sup>2</sup> Indirectly owned by MPS.

All of the subsidiaries listed operate principally in their country of registration.

**14 Debtors**

|   | 2025<br>Group<br>£'000 | 2024<br>Group<br>£'000 | 2025<br>Company<br>£'000 | 2024<br>Company<br>£'000 |
|---|------------------------|------------------------|--------------------------|--------------------------|
| <b>Receivable within one year</b>       |                        |                        |                          |                          |
| Membership debtors                      | 91,373                 | 95,996                 | 91,373                   | 95,996                   |
| Other trade debtors                     | 4,865                  | 18,080                 | 719                      | 17,361                   |
| Recoverable insurance claims            | 1,876                  | 8,079                  | 3,440                    | 9,610                    |
| Amounts owed by subsidiary undertakings | -                      | -                      | 65,034                   | 68,322                   |
| Other debtors                           | 2,984                  | 9,356                  | 537                      | 288                      |
| Prepayments                             | 3,781                  | 3,476                  | 4,766                    | 7,414                    |
| Corporation tax                         | 15,901                 | 5,668                  | 966                      | -                        |
|   | <b>120,780</b>         | <b>140,655</b>         | <b>166,835</b>           | <b>198,991</b>           |
| <b>Receivable after one year</b>        |                        |                        |                          |                          |
| Deferred tax asset                      | -                      | 38                     | -                        | -                        |
| Recoverable insurance claims            | 15,595                 | 14,428                 | 29,673                   | 28,205                   |
|   | <b>15,595</b>          | <b>14,466</b>          | <b>29,673</b>            | <b>28,205</b>            |
| <b>Total debtors</b>                    | <b>136,375</b>         | <b>155,121</b>         | <b>196,508</b>           | <b>227,196</b>           |

One of the loan balances within amounts owed by subsidiary undertakings, to the parent company, is interest bearing at a rate of SONIA +3% (2024: SONIA +3%) and is subject to a fixed charge over the investments, interest, dividends and other income of the subsidiary as well as a floating charge over the whole of that company's undertakings. Such arrangements are repayable on demand.

All other amounts are non-interest bearing, unsecured and repayable on demand.

**15 Creditors: amounts falling due within one year**

|   | 2025<br>Group<br>£'000 | 2024<br>Group<br>£'000 | 2025<br>Company<br>£'000 | 2024<br>Company<br>£'000 |
|---|------------------------|------------------------|--------------------------|--------------------------|
| Trade Creditors                         | 12,082                 | 18,323                 | 11,886                   | 17,939                   |
| Other creditors and accruals            | 27,768                 | 16,825                 | 69,407                   | 61,597                   |
| Deferred subscription income            | 146,717                | 143,105                | 146,671                  | 143,078                  |
| Amounts owed to subsidiary undertakings | -                      | -                      | 2,626                    | 976                      |
| Corporation tax                         | 36                     | -                      | -                        | 168                      |
| Other taxes and social security         | 2,248                  | 1,993                  | 2,192                    | 1,949                    |
|   | <b>188,851</b>         | <b>180,246</b>         | <b>232,782</b>           | <b>225,707</b>           |

Amounts owed to subsidiary undertakings from the Company are unsecured and repayable on demand.

**16 Creditors: amounts falling due after one year**

|                              | 2025<br>Group<br>£'000 | 2024<br>Group<br>£'000 | 2025<br>Company<br>£'000 | 2024<br>Company<br>£'000 |
|------------------------------|------------------------|------------------------|--------------------------|--------------------------|
| Other creditors and accruals | 2,232                  | 585                    | 2,156                    | 585                      |

**17 Provision for liabilities**

|   | Deferred<br>tax<br>£'000 | Reported<br>negligence<br>claims<br>£'000 | Reported<br>other claims<br>£'000 | Claims<br>handling<br>£'000 | IBNR<br>£'000 | Property<br>£'000 | Total<br>£'000 |
|---|--------------------------|---|-----------------------------------|-----------------------------|---------------|-------------------|----------------|
| <b>Group</b>  |                          |   |                                   |                             |               |                   |                |
| At 1 January 2025                                   | 24,617                   | 599,191                                   | 57,467                            | 70,399                      | 11,763        | 7,657             | 771,094        |
| Movements in the Statement of Comprehensive Income: |                          |   |                                   |                             |               |                   |                |
| - Claims costs and associated legal costs           | -                        | 141,184                                   | -                                 | 18,696                      | 1,877         | -                 | 161,757        |
| - Advisory costs and associated legal costs         | -                        | -   | 24,362                            | 45,674                      | -             | -                 | 70,036         |
| - Deferred taxation                                 | (1,802)                  | -   | -                                 | -                           | -             | -                 | (1,802)        |
| - Impact of discounting                             | -                        | 47,471                                    | 4,878                             | -                           | -             | -                 | 52,349         |
| - Released  | -                        | (32)                                      | -                                 | -                           | -             | -                 | (32)           |
| Paid  | -                        | (160,675)                                 | (28,260)                          | (67,490)                    | -             | -                 | (256,425)      |
| <b>At 31 December 2025</b>                          | <b>22,815</b>            | <b>627,139</b>                            | <b>58,447</b>                     | <b>67,279</b>               | <b>13,640</b> | <b>7,657</b>      | <b>796,977</b> |

The provision for reported negligence claims is the estimated, discounted, future settlement values for damages and legal costs, in respect of all negligence claims notified by 31 December, where discretion has been exercised to support the claim.

The provision for reported other claims is the estimated, discounted, future settlement value of legal costs relating to these other non-claims cases, notified by 31 December, where discretion has been exercised to support the incident.

The provision for claims handling is the estimated cost of managing all recognised claims to conclusion, that is, where MPS has been notified and discretion has been exercised to support the claim.

MPS uses its internal staff to determine accurate estimates for individual claims, based on past experience and factors relevant to each claim. In addition, MPS uses the experience of its internal actuarial team, to review the internal, individual claim estimates, and historical claims data, to arrive at a statistical reserve for the likely cost of all reported claims.

The principal financial assumptions used in the calculation of the claims provision are that average claims inflation will be similar to an average of historic inflation, per annum, over the period to payment. The allowance for inflation is applied implicitly by the internal actuarial team using standard actuarial techniques, with the approach having been approved by the Asset and Liability Committee.

The assumed investment returns used to discount future claims payments back to the Balance Sheet date, are based on risk-free yield curves published by the European Insurance and Occupational Pensions Authority (EIOPA), and by the South African Reserve Bank (SARB) as at the year end. For Ireland and South Africa, the yield curves for these countries are used. For all other regions the UK yield curve is used. The average period to payment is estimated as 3.1 years (2024: 3.4 years). The payment delay is estimated by region, by the internal actuarial team.

The impact of discounting reflects the unwinding of the discount in the provision. The calculation of the finance cost used the EIOPA risk-free yield curves as at the end of the prior year to unwind the discount over the current year, with the UK yield curve used for all business other than South Africa and Ireland, which used the South African and Euro yield curves respectively.

The timing of individual claim payments is uncertain, as they are the subject of litigation.

There are no amounts charged in the year for deferred tax relating to items of other comprehensive income (2024: £nil).

The provision for IBNR relates to insurance contracts, bound under our arrangements through Lloyd's of London.

Property provisions relate wholly to leasehold properties. The balance relates in part to dilapidations, being the estimated cost for restoring two leasehold property assets back to their original condition. More significantly, the total balance includes a charge for the future commitments, until the end of the lease, for the vacant proportion of one of those properties.

**17 Provision for liabilities**

|   | Reported<br>negligence<br>claims<br>£'000 | Reported<br>other claims<br>£'000 | Claims<br>handling<br>£'000 | Dilapidation<br>£'000 | Total<br>£'000 |
|---|---|-----------------------------------|-----------------------------|-----------------------|----------------|
| <b>Company</b>                                      |   |                                   |                             |                       |                |
| At 1 January 2025                                   | 599,192                                   | 57,467                            | 70,264                      | 7,657                 | 734,580        |
| Movements in the Statement of Comprehensive Income: |   |                                   |                             |                       |                |
| - Claims costs and associated legal costs           | 152,604                                   | -                                 | 18,631                      | -                     | 171,235        |
| - Advisory costs and associated legal costs         | -   | 24,362                            | 45,674                      | -                     | 70,036         |
| - Impact of discounting                             | 47,471                                    | 4,878                             | -                           | -                     | 52,349         |
| Paid  | (172,128)                                 | (28,261)                          | (67,436)                    | -                     | (267,825)      |
| <b>At 31 December 2025</b>                          | <b>627,139</b>                            | <b>58,446</b>                     | <b>67,133</b>               | <b>7,657</b>          | <b>760,375</b> |

**18 Deferred tax**

Deferred tax provided at 25% (2024: 25%) in the financial statements is set out below:

|  | 2025<br>Group<br>£'000 | 2024<br>Group<br>£'000 | 2025<br>Company<br>£'000 | 2024<br>Company<br>£'000 |
|--|------------------------|------------------------|--------------------------|--------------------------|
| Timing differences on fixed asset equity investments | <b>22,815</b>          | 24,617                 | -                        | -                        |

**19 Commitments**

MPS has guaranteed that its subsidiaries have adequate resources to meet their liabilities as they fall due.

Capital commitments are disclosed in note 11. For operating commitments, the future minimum operating lease payments for the Group and the Company, under non-cancellable commitments are as follows:

**Operating lease commitments**

|                            | 2025<br>Group<br>£'000 | 2024<br>Group<br>£'000 | 2025<br>Company<br>£'000 | 2024<br>Company<br>£'000 |
|----------------------------|------------------------|------------------------|--------------------------|--------------------------|
| Land and buildings:        |                        |                        |                          |                          |
| Within one year            | <b>3,030</b>           | 2,627                  | <b>2,931</b>             | 2,542                    |
| Between one and five years | <b>11,564</b>          | 9,752                  | <b>11,237</b>            | 9,752                    |
| Over five years            | <b>2,783</b>           | 4,239                  | <b>2,783</b>             | 4,239                    |
|                            | <b>17,377</b>          | 16,618                 | <b>16,951</b>            | 16,533                   |
| Office equipment:          |                        |                        |                          |                          |
| Within one year            | <b>55</b>              | 52                     | <b>54</b>                | 52                       |
| Between one and five years | <b>82</b>              | 115                    | <b>82</b>                | 115                      |
|                            | <b>137</b>             | 167                    | <b>136</b>               | 167                      |

**20 Financial assets and liabilities**

|  | 2025<br>Group<br>£'000 | 2024<br>Group<br>£'000 | 2025<br>Company<br>£'000 | 2024<br>Company<br>£'000 |
|--|------------------------|------------------------|--------------------------|--------------------------|
| <i>Financial assets measured at fair value through net contribution to funds</i> |                        |                        |                          |                          |
| - Listed investments   | <b>1,197,680</b>       | 1,466,409              | -                        | -                        |
| - Unlisted investments   | <b>1,027,884</b>       | 1,005,125              | -                        | -                        |
| - Interest rate swaps  | <b>3,062</b>           | 6,338                  | -                        | -                        |
| - Forward foreign exchange contracts   | <b>1,391</b>           | 18,925                 | -                        | -                        |
|  | <b>2,230,017</b>       | 2,496,797              | -                        | -                        |

*Financial assets that are debt instruments measured at amortised cost*

|  |                  |         |                |         |
|--|------------------|---------|----------------|---------|
| - Amounts due from subsidiary undertakings | -                | -       | <b>65,034</b>  | 68,322  |
| - Cash held within fixed asset investments | <b>405,950</b>   | 426,907 | -              | -       |
| - Bank deposit accounts                    | <b>510,818</b>   | 183,140 | <b>16,424</b>  | 15,829  |
| - Cash at bank and in hand                 | <b>52,480</b>    | 42,596  | <b>50,684</b>  | 37,813  |
| - Membership debtors                       | <b>91,373</b>    | 95,996  | <b>91,373</b>  | 95,996  |
| - Trade debtors                            | <b>741</b>       | 17,380  | <b>719</b>     | 17,361  |
| - Other debtors                            | <b>2,978</b>     | 9,347   | <b>537</b>     | 288     |
| - Recoverable insurance claims             | <b>17,471</b>    | 22,507  | <b>33,113</b>  | 37,815  |
|  | <b>1,081,811</b> | 797,873 | <b>257,884</b> | 273,424 |

*Financial liabilities at fair value through net contribution to funds*

|                                      |                 |           |   |   |
|--------------------------------------|-----------------|-----------|---|---|
| - Interest rate swaps                | <b>(46,299)</b> | (131,525) | - | - |
| - Forward foreign exchange contracts | <b>(2,831)</b>  | (9,401)   | - | - |
|                                      | <b>(49,130)</b> | (140,926) | - | - |

*Financial liabilities measured at amortised cost*

|   |                 |          |                 |          |
|---|-----------------|----------|-----------------|----------|
| - Amounts owed to subsidiary undertakings | -               | -        | <b>(2,626)</b>  | (976)    |
| - Other creditors                         | <b>(46)</b>     | (30)     | -               | -        |
| - Accruals                                | <b>(27,670)</b> | (14,947) | <b>(69,337)</b> | (59,837) |
| - Trade creditors                         | <b>(12,082)</b> | (18,322) | <b>(11,886)</b> | (17,939) |
|   | <b>(39,798)</b> | (33,299) | <b>(83,849)</b> | (78,752) |

The Group purchases forward foreign currency contracts to hedge specific currency exposure. The assets and liabilities are held at fair value through net contribution to funds at the Balance Sheet date and are determined using quoted prices. Further details on the valuation of derivatives are provided in note 4(f).

**21 Financial risk management**

The Group has a centralised treasury function which manages the investment strategy, liquidity and other financial risks in accordance with the Council approved Treasury Policies. The objective of the policies and controls that are established is to mitigate the risk of adverse impact on the performance of the Group as a result of its exposure to financial risks arising from the Group's operations. It is the Group's policy not to engage in speculative trading of financial instruments.

The Council retains ultimate responsibility for treasury activity and is involved in key decision making. The Asset and Liability Committee is established to provide governance and oversight to treasury activity, within delegated authority limits, and formally reports to the Council.

**Market risk**

Subscriptions collected in any one year are invested until such time as they may be needed to pay the costs arising from the year in which the subscriptions were received. The greater the investment return which MPS aims to achieve from these invested assets, the greater the fluctuations in the value of those assets, and thus, the greater the risk

that MPS will see a fall in the value of those assets. Such volatility in the value of MPS's assets is, when asset values fall, damaging to the strength of the Balance Sheet, and significant volatility in investment returns makes it more difficult to plan for the longer-term.

MPS has historically adopted a prudent investment strategy which carefully identifies and sets limits on the levels of risk acceptable in its portfolio, thereby reducing the likely volatility of returns. These limits necessarily restrain the potential returns achievable from the portfolio, but help safeguard against significant deterioration in the strength of the Balance Sheet. External professional advice is regularly sought, and investment performance is subject to detailed review in conjunction with advisers. Wherever practical, risks arising from currency fluctuation and investment liquidity are minimised.

The risk of asset value volatility is addressed in a number of ways. Firstly, a significant portion of assets is held in bonds and short-term money market funds, which generally have a lower level of volatility. Secondly, those assets held primarily to achieve an investment return are invested

in a diverse portfolio. The equity element of these assets is held in a number of different portfolios, each investing in different geographic areas; and the equities are augmented by other return-seeking assets which help to reduce volatility further, because returns from these assets are less than perfectly correlated with the returns from equities.

#### Interest rate/inflation risk

MPS currently holds a significant portion of its invested assets in bonds. An increase in interest rates will cause a fall in the price (value) of bonds, as bond prices move inversely to changes in interest rates.

Interest rate exposure for bond assets has historically been mitigated by having a broad range of bond holdings, with different sensitivities to interest rate movements. Further mitigation is provided by the ability to reduce the tax charge as a result of indexation.

The impact on MPS's liabilities is more complicated. The main influences on the cost of large claims, particularly in the UK, are those elements that reflect compensation for future costs or losses; these are mainly loss of earnings and the cost of future care. An estimate of the lump sum required to provide for these future costs is determined by reference to the personal injury discount rate. The discount rate might be expected to change with changing interest rate expectations, but as noted in the Reserving Risk section, in the UK that rate is in fact fixed, by the Lord Chancellor.

MPS manages the risk inherent in our liabilities and in our estimate of potential future costs (see note 22), firstly by ensuring we have an appropriate investment make-up to closely match those liabilities and secondly by ensuring we have sufficient assets to allow a margin, in case of unexpected changes in interest and inflation rates. A derivative swap programme is in place to ensure that the overall portfolio maintains an appropriate level of interest rate and inflation expectation exposure matching for the associated liability risks, including those estimates for potential future costs (see note 22).

#### Credit risks

This is the risk that a third party, who owes money to MPS, will fail to pay. MPS has little risk from a failure by members to pay subscriptions, because if payments are not made, the non-paying members will not be entitled to the benefits of membership (such as advice or assistance with claims). MPS's main credit risk arises from a failure of our insurers, failure of a bank with which we hold deposits, or a failure of some of the counterparties involved in certain investments, including defaults within the direct lending portfolio and derivative financial instruments that form part of the investment portfolio.

MPS has a stated policy on the acceptable risk profile for its insurers. This policy states the requirement to spread the risk across a number of insurers and dictates the acceptable financial security rating for insurers. Bank credit ratings are reviewed before deposits are made with specific institutions, and deposits are spread across a number of counterparties to mitigate against bank failure. MPS does not review the credit risk of counterparties in derivative financial instruments but instead agrees parameters with its investment managers as to what security rating is acceptable for such counterparties. MPS does, however, receive collateral on revalued derivative positions, when appropriate. For the direct lending fund, the main mitigant against default risk is that the fund aims to be, and is, heavily weighted to senior secured debt, and as such direct lending benefits from better recovery rates than bond investors.

During the current year, MPS has maintained its position in credit funds in order to achieve modest increases to contractual returns and reduce market risk. These portfolios are held with experienced credit fund managers. Credit risk is managed by careful portfolio selection and diversification across managers.

#### Foreign currency risk

MPS holds assets to meet the costs of reported claims and potential future requests for assistance. Given that MPS supports members in several different countries, these costs may fall due in a number of different currencies. If the assets are not held in the same currency as the costs, then there is a risk that movement in exchange rates will alter the relative value of the assets to the costs.

MPS's strategy is to minimise currency mismatches between assets and potential future costs. This is achieved by either holding assets in the same currency, and to the same value, as the expected costs, or through a currency hedging programme designed to protect against currency mismatches.

#### Liquidity risk

This is the risk that MPS may have insufficient liquid assets available to meet payments when they fall due. This could either result in an inability to meet a required payment or the need to realise an illiquid investment before maturity, which could be costly.

In managing liquidity risk, MPS needs to balance the ability to gain an investment return on assets and the ability to have sufficient funds to pay liabilities as they fall due. MPS operates a sophisticated system through major clearing banks to ensure that an appropriate level of funds is available on a daily basis, when required, but that these are invested in pooled money market and liquidity funds at other times. In addition, these cash funds are supplemented by substantial holdings in liquid assets.

#### Reserving risk

MPS provides discretionary indemnity to members for the costs and damages associated with clinical negligence claims and the costs associated with other claims. At any time, there are, as a result of past adverse incidents, claims that have already been reported and claims that have not yet been reported (unreported potential claims). Subject to discretion, MPS will be responsible for all of these claims.

For MPS to be responsible for paying these claims, we need to be able to assess the value and ensure that MPS has sufficient assets (reserves) to meet the expected total costs. The value of these claims is estimated by MPS, and the reserving risk is that the eventual payments required to meet the claims may exceed the sums estimated.

The uncertainty around estimating the value of all claims is greater for unreported potential claims than for those that have been reported. For unreported potential claims, the uncertainties include the number and severity of claims arising, how long it is likely to take from the date of an adverse incident to the reporting of a claim, and how many of these may become large claims. The uncertainties for the reported claims are narrower, but still considerable. Note 22 includes further details on potential future claims.

In addition to the variation inherent in the claims, there are also external factors – mainly changes in legislation – which can have a profound impact on claim estimates.

The likelihood that our estimates for reported claims and unreported potential claims vary from the eventual payments required diminishes with the increasing size of the portfolio of risk. The geographical diversity of the portfolio also helps to reduce the overall variation between our estimates and the eventual payments required. A larger, more diversified portfolio of risk is less likely to be affected overall by a change that affects a subset of that portfolio.

MPS maintains a large, geographically diverse portfolio of risk and this is a key step in helping to reduce the variation of outcome around the expected mean.

A further step relates to ensuring the accuracy of the expected outcome in the first place, which relies heavily on the accuracy of data used and the quality of analysis in determining the expected outcome. We use the skill of our internal staff to determine accurate estimates for individual claims and ensure that skills are maintained through ongoing training initiatives.

Checks and balances in our internal systems allow regular review and monitoring of these estimates to help ensure a high degree of accuracy and consistency. MPS's internal actuarial team use the internal, individual claim estimates, and relevant membership data, to advise on an appropriate statistical reserve for the likely cost of all reported claims and estimates of the potential future costs of unreported requests for assistance (see note 22).

#### Underwriting risk

MPS charges a subscription which is based, in part, on the expected volume and value of claims and cases that may arise against those members paying the subscription. There is a risk that the volume or value of claims and cases brought against those members will exceed the expectations contained within the subscriptions, resulting in MPS having not collected sufficient subscription income.

Again, the skill of staff and advisers is important, as is the quality of internal systems. In addition, MPS carefully reviews all membership applications and makes an assessment on those risks which we are willing to accept. MPS also runs an internal programme to identify individual members who appear to represent a higher-than-normal risk and seeks to work with them to reduce their risk. In a limited number of cases, members are not accepted into, or do not continue in membership, as their risks are considered to be too high. We continue to invest in improving and developing the systems, resources and processes involved in the management of member risk and have previously purchased insurance to reduce the impact of the highest value claims made against members.

#### 22 Funds available for members

MPS seeks to hold a long-term surplus which is available to support requests for assistance that may arise in the future, both from current and past members. The principal reason this surplus is held is to meet the cost of potential claims against members for incidents that have already occurred, but which have not been notified to MPS prior to the year end. The cost of these potential claims is not recognised as a liability until MPS exercises its discretion to assist. However, the Council needs to take these potential future costs into careful consideration when managing the financial position of the Group. These Estimated Potential Future Costs (EPFC) are a key part in assessing the longer-term viability of the Group.

MPS estimates the expected cost of future requests for assistance, arising from incidents which have already incurred, by reference to past experience and projected trends of the potential number and magnitude of these requests. As discretionary indemnity is provided on an occurrence year basis, and the period for actual claims to be made can be many years, the estimated projections require financial modelling over long emergence periods.

The Council engages its internal actuaries to model likely levels of future claims in accordance with relevant actuarial guidance. The level of future claims is, however, an estimate, and given the long-term nature of these potential requests, the actual costs of assisting with those matters, where assistance is granted, could vary considerably. MPS retains the absolute right not to assist but seeks to act in the interests of members, as a whole, when deciding to accept liability for claims emerging. For the purposes of this disclosure, MPS has modelled the acceptance of requests at levels projected in line with prior years.

As at 31 December 2025, the Council's estimate of this potential future cost (EPFC), if it agrees to assist, is £874m (2024: £813m). A breakdown of this estimate is included below.

These potential costs do not constitute a liability, contingent or otherwise, and are therefore not recognised in the Balance Sheet, because recognition of the liability is subject to MPS exercising its discretion to assist, or not, (see accounting policy notes 3 and 4(k) for further details). These potential requests may, to the extent to which the Council exercises discretion to indemnify, become an MPS liability over time, under the occurrence basis of indemnity, which MPS provides to members, at which point such liabilities would be recognised in the Balance Sheet.

#### Estimated potential future costs

| Group  | Negligence claims<br>£'000 | Other claims<br>£'000 | Total<br>£'000  |
|--|----------------------------|-----------------------|-----------------|
| At 1 January 2025  | 708,457                    | 104,219               | <b>812,676</b>  |
| Movements:   |                            |                       |                 |
| - Impact of foreign exchange                               | 15,442                     | (2,532)               | <b>12,910</b>   |
| - Potential future claims costs and associated legal costs | 83,312                     | (1,580)               | <b>81,732</b>   |
| - Potential future claims handling expenses                | (3,234)                    | (4,141)               | <b>(7,375)</b>  |
| - Impact of discounting                                    | (22,047)                   | (4,003)               | <b>(26,050)</b> |
| <b>At 31 December 2025</b>                                 | <b>781,930</b>             | <b>91,963</b>         | <b>873,893</b>  |

The disclosures above align to the requirements of the UK Code of Practice. Whilst the Code of Practice is specific to the UK, EPFC and the related assumptions cover all regions in which MPS operates, ensuring the longer-term viability assessment is relevant to the Group as a whole.

The estimate for negligence claims is the discounted, future settlement value for damages and legal costs, in respect of potential negligence claims which have not been notified to MPS, but where an incident may have occurred prior to 31 December. Discretion has not been exercised to support such claims but may be exercised in the future, dependent on the individual circumstances.

The estimate for reported other claims is the discounted, future settlement value of legal costs relating to potential other non-claim cases, which have not been notified to MPS, but where an incident may have occurred prior to 31 December. Discretion has not been exercised to support such non-claim cases but may be exercised in the future, dependent on the individual circumstances.

The estimated cost of handling potential future negligence and other non-claim cases to conclusion, should MPS exercise discretion to support these claims, is included within the total estimates above.

MPS uses its internal staff to estimate for future claims based on past experience, alongside factors relevant to each type of claim. MPS also uses the experience of its internal actuarial team along with historical claims data, to arrive at a statistical estimate for the potential cost of future claims.

Average future claims inflation is assumed to be similar to an average of historic inflation, per annum, over the period to payment. The allowance for inflation is applied implicitly by the internal actuarial team using standard actuarial techniques, with the approach having been approved by the Asset and Liability Committee.

Estimates are of future claim payments, discounted back to the year end date using assumed investment returns based on risk-free yield curves published by EIOPA and SARB as at the year end. For Ireland and South Africa the yield curves for these countries are used. For all other regions the UK yield curve is used.

The longer-term funding adequacy of the Group is assessed by comparing EPFC against Funds available to members, as at the year end. This gives a view as to whether MPS has sufficient net funds available to members to support requests for assistance now and potential requests in the future.

|                                       | 2025                    | 2024             |
|---------------------------------------|-------------------------|------------------|
|                                       | £'000                   | £'000            |
| <b>Group</b>                          |                         |                  |
| Funds available to members            | <b>2,346,430</b>        | 2,262,216        |
| EPFC                                  | <b>(873,893)</b>        | (812,676)        |
| <b>Net funds available to members</b> | <b><u>1,472,537</u></b> | <u>1,449,540</u> |

### 23 Summary of indemnity estimates

|   | 2025                    | 2024             |
|---|-------------------------|------------------|
|   | £'000                   | £'000            |
| <b>Group</b>                                  |                         |                  |
| Indemnity Estimates                           |                         |                  |
| - Reported negligence claims and other claims | <b>773,661</b>          | 743,074          |
| - Estimated Potential Future Costs            | <b>1,108,295</b>        | 1,004,607        |
| - Discount credit                             | <b>(383,128)</b>        | (346,527)        |
| - Claims handling expenses                    | <b>141,423</b>          | 150,208          |
| - Insurance recoveries                        | <b>(9,907)</b>          | (11,892)         |
| <b>Total indemnity estimates</b>              | <b><u>1,630,344</u></b> | <u>1,539,470</u> |

### 24 Obligations of Members

MPS has the right to call each year for additional funds from its members up to an amount equal to the annual subscription.

### 25 Guarantee

MPS is limited by guarantee not exceeding £1 per member.

### 26 Related party transactions

The parent company has taken advantage of the exemption in s33.1A of FRS 102 from disclosing transactions with wholly owned subsidiaries of The Medical Protection Society Limited.

As noted in the Report of the Council on page 46, seven (2024: ten) Non-Executive members of the Council have personal membership of MPS, which is purchased on a basis consistent with that of other members.

MPS considers the Council, members of its committees and the Executive Committee together to be its Key Management Personnel. The Executive Committee includes the Executive members of Council (as detailed on page 44), plus other Executive Directors of MPS that are not members of Council. This combined Group has aggregate remuneration of £4.2m (2024: £4.4m).





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