
Solvency & Financial Condition Report Centrewrite Limited

For the year ended 31 December 2019

Prepared in accordance with Article 51 of the Solvency II Directive (2009/138/EC), Articles 290 to 298 of the Commission Delegated Regulation (EU) 2015/35, and Section 3 of the PRA Rulebook Solvency II Firms: Reporting Instrument 2015

May 2020

Directors' Statement in respect of the Solvency & Financial Condition Report (SFCR) – Centrewrite Limited

We, the Board, acknowledge our responsibility for preparing the SFCR in all material respects in accordance with the PRA Rules and the Solvency II Regulations.

We are satisfied that:

- a) throughout the financial year in question, the insurer has complied in all material respects with the requirements of the PRA Rules and the Solvency II Regulations as applicable to the insurer; and
- b) it is reasonable to believe that the insurer has continued so to comply subsequently and will continue so to comply in future.

Managing Director, for and on behalf of the Board



26 May 2020

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Introduction & Summary

Business

The company was established to provide reinsurance products to The Society of Lloyd's Members. With the decline in the number of run-off syndicates operating in the Lloyd's market, the demand for Exeat policies and Reinsurance to Close ("RITC contracts") has declined.

The nature of the company's operations and its principal activities are set out below.

The primary objective of the company is to assist resigned Members of The Society of Lloyd's with participations on run-off syndicates to end their affairs at Lloyd's. The Company has no employees, with day to day operations managed on the Company's behalf by staff employed by The Society of Lloyd's.

The company's ongoing principal activities are:

- i. to provide RITC and formerly Run-Off Reinsurance contracts to syndicates with no successor syndicate.
- ii. to reinsure individual Members of The Society of Lloyd's participations on syndicates for underwriting years of account which have not been closed ("Exeat Policies") on application from a Member's agent. Given the small number of syndicates in run-off, the Company is not expected to underwrite many policies going forward.

During the year, the company did not write any RITC contracts though the company has permission from the Prudential Regulation Authority (PRA) to enter into long-term reinsurance contracts. In 2013, the company underwrote the RITC of the 2001 Year of Account of Syndicate 1171 for a nil premium.

Business (cont.)

There are no notified outstanding claims and no claims paid in either 2019 or 2018 in respect of this contract. At the year end, the company had no Exeat policies reinsuring a Member with a participation in a life run-off syndicate and has no technical provisions for run-off life syndicates.

The company did not underwrite any Exeat policies in 2019 or 2018. The Exeat Policy offered is wholly underwritten by the company and, while not a formal RITC, it allows Members of The Society of Lloyd's to end their affairs at Lloyd's and so release their remaining funds at Lloyd's. The closure of many run-off syndicates has led to a reduction in the number of resigned Members and in turn this has led to a reduction in the appetite for Exeat policies.

Material changes since the last report

There have been no material changes since the last report.

Performance

The following are financial key performance indicators under UK GAAP:

- Surplus on the technical account of £7k for 2019 (2018: surplus £7k).
- Profit on the non-technical account before taxation was £10k for 2019 (2018: deficit of £2k).
- As at 31 December 2019, the Company had £5.7m in equity shareholders' funds (2018: £5.7m).

Introduction & Summary (cont.)

System of Governance (SOG)

The SOG is set out in the Company's Governance Map, approved by the Company's Board. The Company is governed by three directors: a chairman, managing director and a non-executive director, all of whom are employees of The Society of Lloyd's. The Company's Governance Map sets out the allocation of Senior Insurance Management Functions ("SIMF") responsibilities across the Board (see Appendix 1). The Company has no sub-committees. Day to day operations of the Company, including the investment and actuarial functions, are provided by employees of The Society of Lloyd's.

The Company complies with the policies and procedures established by its parent, The Society of Lloyd's, including its ORSA Policy, Remuneration Policy, Compliance Framework, HR Policies (including assessment of Fit & Proper persons), internal systems and controls, Risk Policy and Outsourcing Policy.

Risk Profile

The directors are responsible for setting the strategy and risk appetite of the company and assessing the long-term consequences of decisions made. The risks are monitored through a risk register which is reviewed by the directors, through reporting to the directors against the key risk indicators. No risk appetites were exceeded in 2019. The principal risks of the company are the insurance risks arising from reserving, market risk and operational risks.

Valuation for Solvency Purposes

On a Solvency II basis, the Company had:

- Total assets as at 31 December 2019 of £6.6m. This comprised £5.9m of financial investments and £0.7m reinsurance recoverable; and
- Net technical provisions as at 31 December 2019 of £0.4m after allowing for £0.7m for reinsurance recoverable.

Capital management

The Company's capital objective is to maintain an appropriate level of capital to meet its regulatory requirements. This has been assessed as £5m. As at the 31 December 2019, the Company's own funds on a Solvency II basis were £5.4m. This is significantly in excess of the Company's Solvency Capital Requirement ("SCR") of £0.3m (as calculated using the Standard Formula) and the Minimum Capital Requirement ("MCR") of £3.1m (as calculated using the absolute floor for a pure reinsurer of €3.6m).

	As at December	
	2019	2018
	£'000	£'000
Total Available own funds to meet SCR & MCR	5,357	5,194
SCR	285	276
MCR	3,101	3,199
Ratio of Eligible own funds to SCR	18.8	18.8
Ratio of Eligible own funds to MCR	1.7	1.6

The own funds which are tiered as unrestricted level 1 are fully eligible to meet both the SCR and MCR requirements.

A Business & Performance

A.1 Business

Centrewrite Limited is a private company limited by shares and is a wholly owned subsidiary of The Society of Lloyd's. Its registered office is Council Secretariat, Lloyd's of London, One Lime Street, London, EC3M 7HA.

Both the Company and The Society of Lloyd's are supervised by the UK's Prudential Regulatory Authority ("PRA") and the Financial Conduct Authority ("FCA") with the PRA acting as lead supervisor.

The Company is audited by PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT.

The Company is a pure composite reinsurer and authorised to underwrite all lines of life and non-life reinsurance. Whilst the Company did not write any new business in 2019, it continues to offer Exeat Policies and RITC policies to Members of the Society of Lloyd's. All business is carried out in the UK.

A.2 Underwriting Performance

TECHNICAL ACCOUNT	2019	2019	2018	2018
	£'000	£'000	£'000	£'000
Gross written premiums		-		-
Outward reinsurance premiums				
Earned premiums, net of reinsurance				
Claims paid				
Gross amount	(43)		(74)	
Reinsurers' share	43		74	
		-		-
Change in provisions for claims				
Gross amount	224		24	
Reinsurers' share	(217)		(17)	
Claims Incurred, net of reinsurance		7		7
Balance on the technical accounts for general business		7		7

The net movements in the technical account arise from the reduction in provision for Exeat/EPP of £7k. Settlement of claims and changes in provision for claims ceded by Equitas Insurance Limited on the Run-off Reinsurance of Syndicate 553's 1985 and prior years of account are fully reinsured by Equitas Reinsurance Limited, and hence have net nil impact on the technical account.

A Business & Performance (cont.)

A.3 Investment Performance

The finance income of £46k (2018: £34k) is fully derived from the Company's portion of the income earned by the Society of Lloyd's commingled funds. In 2019, the return on the commingled funds was 0.77% (2018: 0.65%) against a benchmark of 0.45%.

Commingled Funds:

	2019 £'000	2018 £'000
Deposits with credit institutions	4,267	4,517
Cash and cash equivalents	1,514	1,219

The Company has no investments in equities and no investments in securitisation.

A.4 Performance of other activities

The Company is not party to any material operating or finance leases as either lessee or lessor. Operating expenses are consistent with prior year at £36k (2018: £36k).

A.5 Any other information

Overall the Company made a profit after tax of £14k (2018: profit of £4k).

The Company does not expect the UK's exit from the EU ("Brexit") on 31 January 2020 to have a significant impact on the Company. All policies are underwritten and reinsured in the UK.

The recent volatility in financial markets arising from the COVID-19 pandemic has not materially impacted the valuation of the assets held by Centrewrite as these are invested in money-market instruments.

There is no further information in regards to business and performance.

B System of Governance (“SOG”)

B.1 General information on the SOG

The SOG is set out in the Company's Governance Map, approved by the Company's Board. The Company is governed by three directors: a chairman, managing director and a non-executive director, all of whom are employees of The Society of Lloyd's. The Company's Governance Map sets out the allocation of SIMF responsibilities across the Board.

The Company has no sub-committees. Day to day operations of the Company, including the investment and actuarial functions, are provided by employees of The Society of Lloyd's. The Society of Lloyd's sets the remuneration of all its employees, including any variable components of remuneration such as bonuses. The only material transactions with The Society of Lloyd's during the year relate to payments for provision of services to the Company and reimbursements to The Society of Lloyd's for payments made on behalf of the Company.

The members of the Board each have terms of reference which set out their respective responsibilities. Each performer of a function has a role profile which sets out the responsibilities for that function and they have each been approved by the managing director.

The Company considers its SOG to be proportionate to the nature, scale and complexity of the risks inherent in its business. The key functions of the Company have the necessary authority, resource and operational independence to carry out their tasks. Any communications and risks are discussed by the Board to ensure effective governance.

B.2 Fit and Proper Requirements

The Company follows the procedures set out by The Society of Lloyd's for meeting Fit and Proper requirements. These procedures ensure that all those holding controlled functions:

- Meet the requirements of the Regulators' "fit and proper" test and follow its principles. These are set out in the Governance Map;
- Comply with the Scope of Responsibilities; and
- Report anything that could affect their ongoing suitability.

The following factors are taken into account when deciding whether an individual is fit and proper:

- Their honesty, integrity and reputation;
- Their competence and capability;
- Their financial soundness; and
- Personal characteristics

Fitness and proper checks are made before an individual is appointed to carry out a controlled function and also periodically thereafter.

B System of Governance (cont.)

B.2 Fit and Proper Requirements (cont.)

The capability of individuals running the key functions is assessed annually as part of The Society of Lloyd's Performance Appraisal Process. This process ensures that individuals have an appropriate level of expertise and competence to carry out their role. Where specific technical skills are required, it is ensured that the individual is appropriately qualified. All development needs are addressed as part of the annual Professional Development Plan.

B.3 Risk management system including the own risk and solvency assessment ("ORSA")

The Company follows The Society of Lloyd's Risk Management Framework including its Risk Policy and ORSA Policy.

The Company's ORSA together with the Company Risk Register are revised and approved at least annually by the Board. The Company revises both the Risk Register and the ORSA when a new emerging risk to the Company is identified. The Company reviews the list of existing and emerging risks identified by the Society of Lloyd's in its ORSA to identify potential new risks. The impact of all risks is assessed against a matrix of frequency and severity.

The responsibility for monitoring and assessing risks in the Company's Risk Register is allocated either to Board members or performers of a function and the requirement to monitor those risks is included in their Terms of Reference or Role Profiles. The assessment of the risks is made taking into account the Company's risk appetites and risk metrics and from this the Board will decide whether to avoid, control, accept or transfer the risk for the benefit of the company.

The Company is assisted in complying with The Society of Lloyd's Risk Framework and Policies through the appointment of a Risk Advisor from The Society of Lloyd's Risk Management department.

The ORSA links to the business strategy for a run off insurance company and therefore ensures enough capital is available to meet the future requirements of the company, specifically for the future costs of regulatory requirements and audit.

No new significant emerging risks have been identified during 2019.

B System of Governance (“SOG”) (cont.)

B.3 Risk management system including the own risk and solvency assessment (“ORSA”) (cont.)

The Company's Solvency Capital Requirement (SCR) as calculated using the Standard Formula does not exceed the Minimum Capital Requirement (MCR) for pure composite reinsurers of €3.6m. The Company makes its own assessment of the capital required for the Company based on the Risk Register and Risk Appetites to confirm that this does not exceed €3.6m. This assessment is included in the Company's ORSA.

B.4 Internal Control System

As the day to day operations of the Company are managed by employees of The Society of Lloyd's, the Company is subject to the internal control system of the Society of Lloyd's. The Board approves annually the Company's Financial Framework which sets the authority limits for each type of transaction as well as the Company's Investment Parameters. The allocation of authority limits takes into account the requirement for segregation of duties and the Company's Investment Parameters provides limits on asset classes and the Company's risk appetite in respect of the market and interest rate risk of its investments.

The Company has a Compliance Officer who is an employee of the Society of Lloyd's. The Compliance Officer reports to the Managing Director but has authority to escalate to or report on any concerns directly to the Chairman and Lloyd's Head of Compliance.

B.5 Internal Audit Function

The scope of The Society of Lloyd's internal audit function includes the internal audit of subsidiaries on a cycle approved by The Society of Lloyd's Audit Committee. The Society of Lloyd's employs a Head of Internal Audit, who coordinates the execution of the internal audit plan, including outsourcing the work within this plan where appropriate. The internal audit function reports to the Audit Committee of The Society of Lloyd's on any significant findings and follows up on any agreed actions to remediate control weaknesses. The Head of Internal Audit has no responsibility for any other function across the business and reports into the Chair of the Society of Lloyd's Audit Committee, which is a non-executive Director role. This reporting structure delivers the independence of the internal audit function. By outsourcing part of the execution of the internal audit plan to a third party where appropriate, this ensures that the people who carry out the reviews and report the findings are independent from the people that work in the areas under review.

B System of Governance (“SOG”) (cont.)

B.6 Actuarial Function

The Society of Lloyd's assists the Company in the appointment of the Chief Actuary from one of its senior actuaries.

The Chief Actuary is supported by an appropriately qualified actuary and is subject to the internal controls and procedures of The Society's Market Reserving and Capital Department, including the requirement to comply with the Rules of the Institute and Faculty of Actuaries.

The Chief Actuary prepares annually an Actuarial Function Report for the Board and this includes a description of the governance as well as the assessment of both GAAP and Solvency II technical provisions and the calculation of the SCR and MCR.

The Chief Actuary reports to the Managing Director but has the authority to escalate to or report directly on any concerns to the Chairman and the Lloyd's Actuary (where the Lloyd's Actuary is not acting as the Chief Actuary).

B.7 Outsourcing

The Company complies with The Society of Lloyd's Outsourcing Policy. The Company has no employees and outsources to The Society of Lloyd's the provision of services to the Company. The Society of Lloyd's is registered in the UK and subject to UK legislation. It is regulated by both the PRA and the FCA. Outsourcing risk is recognised in the Risk Register and the Board reviews and approves annually the Company's operational plans, its financial performance, its compliance with the risk appetites of the Company and its investment performance.

B.8 Any other information

There is no other information to report on the SOG.

C Risk Profile

C.1 Insurance Risk

The underwriting risk to the Company is the risk that claims (excluding those arising from natural catastrophe events) relating to the business written in the proposed underwriting year may turn out larger than expected. The company has a structured approach to pricing over the long term which is approved by the Board and takes into account the company's risk appetite.

The reserving risk is the risk that the amount set aside for estimated claims on previous business is insufficient. Reserves are set on a policy by policy basis in line with the risk appetite and subject to actuarial review. The Chief Actuary reports directly to the Board. The effect of the novation of the RITC contracts for Syndicates 535 and 1204 from 1 January 2012 was to remove substantially all the reserving risk in respect of the RITC portfolio. There are no outstanding claims for Syndicate 1171 and the possibility of reporting claims in respect of this syndicate reduces over time. There are no outstanding claims in respect of Exeat policies.

The majority of the company's insurance risk is mitigated by reinsuring the Run-off Reinsurance Policy of Syndicate 553 portion of provisions and claims paid. The provision outstanding at the reporting date on a UK GAAP basis was £772k (2018: £996k). As the provision solely relates to Syndicate 553's liabilities, all of the insurance risk was covered through the reinsurance arrangement in place.

C.1 Insurance Risk (cont.)

Claims provisions (comprising provisions for claims reported by policyholders and claims incurred but not reported) for insurance contracts are established to cover the ultimate cost of settling the liabilities in respect of claims that have occurred and are estimated based on known facts at the reporting date.

C.2 Market Risk

Market risk represents the risk of loss or of adverse change in the resources of the Company resulting in fluctuations in the level and volatility of market prices of assets, liabilities and financial instruments or from fluctuations in the credit standing of investment counterparties (including spread and risk concentrations). Market risks arising from the disposition of the Company's investments are monitored against defined parameters using an Investment Risk Assessment standard formula. The position is reviewed regularly by The Society of Lloyd's Investment Committee and approved by the directors annually. Investments are actively monitored on an amortised cost basis.

C Risk Profile (cont.)

C.3 Credit Risk

Credit risk represents the risk of loss to the Company owing to fluctuations in the credit standing or default of insurance counterparties. The security of the reinsurance asset recognised in respect of the Run-Off Reinsurance Policy of Syndicate 553 is derived from the reinsurance provided to Equitas Limited and its fellow subsidiaries through the National Indemnity Company Agreement by National Indemnity Company (NICO), a company with an AA+ rating (S&P).

At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the Company's Statement of Financial Position.

The assets bearing credit risk are summarised below, together with an analysis by credit rating:

	2019 £'000	2018 £'000
Deposits with credit institutions	4,267	4,517
Reinsurance share of technical provisions	772	989
Cash and cash equivalents	1,629	1,334
Total assets bearing credit risk	6,668	6,840
AAA	1,512	1,216
AA	1,973	2,400
A	2,782	3,224
BBB	400	-
NR	1	-
Total assets bearing credit risk	6,668	6,840

The investment strategy has remained in-line with last year with minimal change in the asset allocation of the portfolio between short-term debt securities and cash & cash equivalents. Credit strength of the portfolio has remained broadly the same with an increased allocation to AAA-rated assets. No credit limits were exceeded during the year. No assets are past due or impaired at the balance sheet date.

C.4 Liquidity Risk

The value and term of short-term assets are carefully monitored against those of the Company's liabilities. The Company aims to maintain sufficient liquid assets to meet liabilities as they fall due. The primary liquidity risk of the Company is the obligation to pay run-off expenses as they fall due. The claims outstanding liabilities in respect of the Run-Off Reinsurance Policy of Syndicate 553 are met from the funds of Equitas Policyholders Trust Limited. The projected settlement of these liabilities is estimated, on a regular basis, taking into account actual expenses and known changes to the cost profile of the Company. The Company benefits from a non-discretionary bond from The Society of Lloyd's. In accordance with an agreement between The Society of Lloyd's and the Company dated 4 June 1991, The Society of Lloyd's will, at the request of the Company, pay to the Company the amount by which the liabilities of the Company exceed its assets. In addition, The Society of Lloyd's has confirmed that it will make available an asset to meet any shortfalls in the solvency requirements as set out in the Solvency II Directive. The Company regularly reviews the adequacy of its cash position.

C Risk Profile (cont.)

C.5 Operational Risk

This is the risk of loss to the Company arising from inadequate or failed internal processes, people and systems or from external events. The operations of the Company are subject to the systems and controls of The Society of Lloyd's including capital assessment, risk management and internal audit reviews.

C.6 Other material risks

Financial Investments and Counterparty Risk

A list of permissible bank counterparties, for the purpose of money-markets investment, is maintained by The Society of Lloyd's and restricted to banks having strong balance sheet and credit ratings. Investment parameters exist for all investment assets, controlling overall credit quality and ensuring appropriate risk diversification. Permitted counterparties to capital market transactions are also carefully controlled. All applicable parameters are reviewed regularly by The Society of Lloyd's Investment Committee.

Interest rate risk

Short term assets held by the Company are invested in money market instruments of up to 12 months' duration with the objective of minimising capital loss and meeting liquidity requirements. The Company does not hold any fixed rate securities.

The sensitivity analysis for interest rate risk illustrates how changes in the amortised cost or future cash flows of a financial instrument will fluctuate, assuming all other assumptions remain unchanged. An increase/decrease of 100 basis points in interest yields would result in an additional loss/profit for the period and decrease/increase in equity of £57k (2018: £57k) assuming all other assumptions remain unchanged.

Interest rate risk is monitored by the Society of Lloyd's Investment Committee on a regular basis and informs the investment decisions undertaken.

Foreign currency risk

The sterling value of foreign currency assets fluctuates in line with exchange rate movements. The net impact of these fluctuations in sterling values on the Company's financial position is minimal because the Company matches foreign currency assets and liabilities.

Regulatory risk management

The Company has a compliance officer who monitors regulatory developments and advises the Board of the impact on the Company.

C.7 Any other information

The recent volatility in financial markets arising from the COVID-19 pandemic has not materially impacted the valuation of the assets held by Centrewrite as these are invested in money-market instruments.

D Valuation for Solvency Purposes

D.1 Assets

	31-Dec-2019		31-Dec-2018	
	Assets		Assets	
	GAAP	Solvency II	GAAP	Solvency II
	£'000	£'000	£'000	£'000
Financial Investments	4,267		4,517	
Corporate Bonds		1,729		1,975
Collective Investment Undertakings		1,512		1,217
Deposits other than cash		2,538		2,545
Cash and Cash equivalent	1,629	117	1,334	114
Investments	5,896	5,896	5,851	5,851
Total Assets	5,896	5,896	5,851	5,851

Financial Investments (including Corporate Bonds, Collective Investment Undertakings and Deposits other than cash)

There are no differences between the valuation of investments recorded on an amortised cost basis for GAAP purposes and a fair value basis for Solvency II reporting purposes.

D.1 Assets (cont.)

Cash and cash equivalents

On a GAAP basis, cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less at the date of placement, free of any encumbrances. On a Solvency II basis, the cash and cash equivalents includes only cash at bank and in hand, including a small amount of cash in the investment portfolio.

Other assets

Other assets comprise amounts owed by The Society of Lloyd's for group relief of tax losses.

D Valuation for Solvency Purposes (cont.)

D.2 Technical Provisions

	31-Dec-2019		31-Dec-2018	
	Technical Provisions		Technical Provisions	
	GAAP	Solvency II	GAAP	Solvency II
	£'000	£'000	£'000	£'000
Technical Provision	772	1,002	996	1,219
Risk Margin	-	87	-	93
Gross technical provisions	772	1,089	996	1,312
Reinsurers' share	(772)	(728)	(989)	(908)
Net technical provision	-	361	7	404

For the purposes of Solvency II valuation, the provision for risks and charges to cover future expenses of the Company in respect of past obligating events is reassessed to include all expenses to extinction of the final claim and reclassified as a technical provision.

The Solvency II technical provisions comprise the best estimate of liabilities and risk margin calculated in accordance with Articles 75 to 86 of the Solvency II Directive.

D.2 Technical Provisions (cont.)

Gross technical provisions

The gross Solvency II technical provisions comprise the best estimate of the gross liabilities (outstanding claims, IBNR and run-off provision) and the risk margin, discounted using the relevant risk-free yield curves. GAAP provisions are undiscounted on the grounds of materiality and exclude a specific risk margin. For GAAP purposes, a degree of prudence is assumed in the estimate of the outstanding claims and the claims IBNR.

	£'000
GAAP gross technical provisions	772
Risk margin	87
Run-off provision	273
Discounting	(43)
SII gross technical provisions	<u>1,089</u>

Best estimate of liabilities

GAAP technical provisions have been reviewed and is considered to be an appropriate basis for the best estimate of liabilities under SII. The best estimate of outstanding claims is assessed on an individual case basis and is based on the estimated ultimate cost of all claims notified but not settled by the balance sheet date. The best estimate of the IBNR (incurred but not reported claims) is based on projections from past experience of the development of claims over time to form a view of the likely ultimate claims to be experienced, having regard to the variation in the business accepted and the underlying terms and conditions.

D Valuation for Solvency Purposes (cont.)

D.2 Technical Provisions (cont.)

Best estimate of liabilities (cont.)

The estimation of claims IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where more information about the claim event is generally available. Claims IBNR may often not be apparent to the insured until many years after the event has happened giving rise to the claims. The 2019 figures include the reversal of IBNR provision (£300k) and related reinsurance asset (£300k), which was included in 2018 for future unexpected policy payments.

The only material line of business is the Run-off Reinsurance of Syndicate 553's 1985 and prior years of account ceded by Equitas Insurance Limited and fully reinsured by Equitas Reinsurance Limited, comprising 99% of the gross technical provisions excluding the provision for other risks and charges.

Risk margin

The Risk Margin is calculated using the SCR from the standard formula calculation excluding interest rate risk but including unavoidable market risk and operational risk in line with legislation.

There is no explicit loading for Events Not In Data ("ENIDS") in the calculation of technical provisions because the principal net exposure is to the provision to cover future expenses of the company in respect of past obligating events.

D.2 Technical Provisions (cont.)

Run-off provision

The provision for other risks and charges is required under Solvency II only, and not under GAAP, and is the best estimate of the costs of running off the remaining liabilities,

Discounting

Lloyd's uses the risk free yield curves provided by EIOPA to discount the liabilities.

Reinsurers' share of technical provisions

	£'000
GAAP RI share of technical provisions	772
Discounting	(43)
Valuation differences	(1)
SII RI share of technical provisions	<u>728</u>

For the purposes of the Solvency II accounts, the reinsurers' share of provisions for claims is based on calculated amounts of outstanding claims and projections of IBNR, net of estimated irrecoverable amounts, having regard to the reinsurance programme in place for the class of business, the claims experience for the year and the current security rating of the insurance companies involved. Statistical techniques are used to assist in making these estimates. The expected recovery includes an adjustment to reflect the risk of counterparty default.

D Valuation for Solvency Purposes (cont.)

D.2 Technical Provisions (cont.)

Reinsurers' share of technical provisions (cont.)

Irrecoverable amounts are taken as the expected loss-given-default in each future year assuming a 50% recovery rate in the event of reinsurer default and probability of default as given by Standard & Poor's analysis of AA rated corporate defaults during 2019.

Irrecoverable amounts are not calculated separately for the purposes of GAAP accounts but implicitly included within the Exeat and EPP residual liabilities.

D.3 Other liabilities

	31-Dec-2019		31-Dec-2018	
	Other Liabilities		Other Liabilities	
	GAAP £'000	Solvency II £'000	GAAP £'000	Solvency II £'000
Provision for other risk and charges				
Amounts owed to group undertakings	172		106	
Accruals and deferred income	1		33	
Payables	5	178	1	140
	178	178	140	140

Amounts owed to group companies is in respect of day to day expenses of the Company settled on its behalf by the Society of Lloyd's.

D.3 Other liabilities (cont.)

Accruals and deferred income are amounts accrued for expenses incurred but not yet settled by the Society on the Company's behalf. In the Solvency II balance sheet, the amounts owed to group companies, tax payable and the accruals and deferred income are aggregated and disclosed as payables.

D.4 Alternative methods of valuation

The Company does not use any alternative methods of valuation.

D.5 Any other information

The Company does not have any other material information to disclose.

E Capital Management

E.1 Own Funds

The Company maintains a capital structure from equity shareholders' funds consistent with the Company's risk profile and the regulatory requirements of its business. The Company's objective in managing its capital is to satisfy the requirements of its policyholders and regulators, whilst matching its assets and liabilities taking into account the risks inherent in the business. The Company's prime source of capital is its equity shareholders' funds. In addition, the Company benefits from a non-discretionary bond from The Society of Lloyd's to meet any shortfall in either liquidity or solvency. The Company aims to maintain £5m of equity capital which is significantly in excess of the €3.6m MCR for pure composite reinsurers based on the EU Directive requirements. As at 31 December 2019, on a Solvency II basis the Company had £5.4m in own funds (2018: £5.2m) comprising £1,000 of issued share capital and the balance in reserves of £5.4m (2018: £5.2m). All own funds are classified as unrestricted Tier 1 capital and are eligible to cover the MCR and SCR.

The Company reviews its solvency position annually and has designed its risk metrics to detect any issues that may affect the level of solvency in the Company. There is minimal volatility in the reconciliation reserve because future cash flows have been prudently assessed and included in the technical provisions, reducing the likelihood of future liabilities. The impact of sensitivities to these liabilities, and the assets held by the Company are considered to be immaterial.

E.1 Own Funds (cont.)

The Company is required to meet a SCR which is calibrated to seek to ensure a 99.5% confidence of the ability to meet obligations over a 12 month horizon. The Company calculates its SCR in accordance with the standard formula prescribed in the Solvency II regulations and its SCR is lower than both the MCR and the Company's equity objective.

The difference between the equity shown in the Company's financial statements and the excess of assets over liabilities calculated for solvency purposes is shown below. This is mainly due to the difference in treatment of the provision for other risks and charges in addition to the impact of the discounting and reinsurer default allowances discussed in section D.2.

	£'000
Shareholder's equity under GAAP	5,718
Run-off provision (SII only)	(273)
Risk margin	(87)
Valuation differences	<u>(1)</u>
Excess of assets over liabilities (S.02.01.01)	<u>5,357</u>

E Capital Management (cont.)

E.2 MCR and SCR

The calculation of the MCR and SCR is set out in the table below. The MCR is €3.6 or £3.1m. The SCR is split out into the risk modules and calculated using the Standard Formula set out in the table below. The final amount of the SCR is still subject to supervisory assessment.

The Company has not used simplified calculations and does not use undertaking specific parameters. The Company has not made use of the options provided for in the third paragraph of Article 51(2) of Directive 2009/138/EC. The regulator has not imposed any capital add-ons to the SCR.

	As at 31 December	
	2019	2018
	£'000	£'000
Market Risk	133	90
Counterparty Default Risk	120	125
Non-Life Underwriting Risk	91	103
Diversification	(89)	(78)
Operational Risk	30	36
SCR	285	276
MCR	3,136	3,199

E.3 Use of duration-based equity risk sub-module in the calculation of the SCR

None.

E.4 Differences between the standard formula and any internal model used

Not applicable.

E.5 Non-compliance with the MCR and non-compliance with the SCR

None.

E.6 Any other information

There is no other material information regarding capital management to disclose.

Appendix – Quantitative Reporting Templates

S 02.01.02

Balance sheet

All figures in £'000

Assets

Intangible assets
 Deferred tax assets
 Pension benefit surplus
 Property, plant & equipment held for own use
 Investments (other than assets held for index-linked and unit-linked contracts)
 Property (other than for own use)
 Holdings in related undertakings, including participations
 Equities
 Equities - listed
 Equities - unlisted
 Bonds
 Government Bonds
 Corporate Bonds
 Structured notes
 Collateralised securities
 Collective Investments Undertakings
 Derivatives
 Deposits other than cash equivalents
 Other investments
 Assets held for index-linked and unit-linked contracts
 Loans and mortgages
 Loans on policies
 Loans and mortgages to individuals
 Other loans and mortgages
 Reinsurance recoverables from:
 Non-life and health similar to non-life
 Non-life excluding health

	Solvency II value
	C0010
R0030	0
R0040	0
R0050	0
R0060	0
R0070	5,779
R0080	0
R0090	0
R0100	0
R0110	0
R0120	0
R0130	1,729
R0140	0
R0150	1,729
R0160	0
R0170	0
R0180	1,512
R0190	0
R0200	2,537
R0210	0
R0220	0
R0230	0
R0240	0
R0250	0
R0260	0
R0270	728
R0280	728
R0290	728

Appendix – Quantitative Reporting Templates (cont.)

S 02.01.02

Balance sheet (cont.)

All figures in £'000

Health similar to non-life

Life and health similar to life, excluding health and index-linked and unit-linked

Health similar to life

Life excluding health and index-linked and unit-linked

Life index-linked and unit-linked

Deposits to cedants

Insurance and intermediaries receivables

Reinsurance receivables

Receivables (trade, not insurance)

Own shares (held directly)

Amounts due in respect of own fund items or initial fund called up but not yet paid in

Cash and cash equivalents

Any other assets, not elsewhere shown

Total assets

	Solvency II value
	C0010
R0300	0
R0310	0
R0320	0
R0330	0
R0340	0
R0350	0
R0360	0
R0370	0
R0380	0
R0390	0
R0400	0
R0410	117
R0420	0
R0500	6,624

Appendix – Quantitative Reporting Templates (cont.)

S 02.01.02

Balance sheet (cont.)

All figures in £'000

Liabilities

Technical provisions – non-life

Technical provisions – non-life (excluding health)

TP calculated as a whole

Best Estimate

Risk margin

Technical provisions - health (similar to non-life)

TP calculated as a whole

Best Estimate

Risk margin

Technical provisions - life (excluding index-linked and unit-linked)

Technical provisions - health (similar to life)

TP calculated as a whole

Best Estimate

Risk margin

Technical provisions – life (excluding health and index-linked and unit-linked)

TP calculated as a whole

Best Estimate

Risk margin

Technical provisions – index-linked and unit-linked

	Solvency II value
	C0010
R0510	1,089
R0520	1,089
R0530	0
R0540	1,002
R0550	87
R0560	0
R0570	0
R0580	0
R0590	0
R0600	0
R0610	0
R0620	0
R0630	0
R0640	0
R0650	0
R0660	0
R0670	0
R0680	0
R0690	0

Appendix – Quantitative Reporting Templates (cont.)

P.05.01.02.01 - Premiums, claims and expenses by line of business - Table 1

Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												
Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Total
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0200
Premiums written												
Gross - Direct Business	R0110											
Gross - Proportional reinsurance accepted	R0120											
Gross - Non-proportional reinsurance accepted	R0130											
Reinsurers' share	R0140											
Net	R0200											
Premiums earned												
Gross - Direct Business	R0210											
Gross - Proportional reinsurance accepted	R0220											
Gross - Non-proportional reinsurance accepted	R0230											
Reinsurers' share	R0240											
Net	R0300											
Claims incurred												
Gross - Direct Business	R0310											
Gross - Proportional reinsurance accepted	R0320						43					43
Gross - Non-proportional reinsurance accepted	R0330											
Reinsurers' share	R0340						43					43
Net	R0400											
Changes in other technical provisions												
Gross - Direct Business	R0410											
Gross - Proportional reinsurance accepted	R0420						-24					-24
Gross - Non- proportional reinsurance accepted	R0430											
Reinsurers' share	R0440						-24					-24
Net	R0500											
Expenses incurred	R0550											
Other expenses	R1200											
Total expenses	R1300											

Appendix – Quantitative Reporting Templates (cont.)

S.19.01.01 - Non-life Insurance Claims Information

Line of business	Z0010	General liability insurance [direct business and accepted proportional reinsurance]
Accident year / Underwriting year	Z0020	Underwriting year [UWY]
Currency	Z0030	Total/NA
Currency conversion	Z0040	Not applicable / Expressed in (converted to) reporting currency

Gross Claims Paid (non-cumulative)

(absolute amount)

Year	Development year																In Current year	Sum of years (cumulative)	
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +			
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160			
Prior	R0100															42,800	Prior	C0170	C0180
N-14	R0110	-1,000	180,000	103,000	215,000	133,000	-285,000	-23,000		-3,000							N-14	42,800	42,800
N-13	R0120	2,000	302,000	115,000	34,000	-187,000	-43,000	-1,000	-2,000								N-13		319,000
N-12	R0130	9,000	508,000	-4,000	-115,000	-36,000		-1,000									N-12		220,000
N-11	R0140	14,339,000	2,384,000	1,262,000	2,545,000	15,290,000	-13,000										N-11		361,000
N-10	R0150	163,000	-126,000	-967,000	105,000	-12,000											N-10		35,807,000
N-9	R0160	2,000	156,000		-1,000												N-9		-837,000
N-8	R0170		24,000	1,000	1,000												N-8		157,000
N-7	R0180																N-7		26,000
N-6	R0190																N-6		
N-5	R0200																N-5		
N-4	R0210																N-4		
N-3	R0220																N-3		
N-2	R0230																N-2		
N-1	R0240																N-1		
N	R0250																N		
Total																	Total	42,800	36,095,800

Reinsurance Recoveries received (non-cumulative)

(absolute amount)

Year	Development year																In Current year	Sum of years (cumulative)	
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +			
	C0600	C0610	C0620	C0630	C0640	C0650	C0660	C0670	C0680	C0690	C0700	C0710	C0720	C0730	C0740	C0750			
Prior	R0300															42,800	Prior	C0760	C0770
N-14	R0310																N-14	42,800	42,800
N-13	R0320																N-13		
N-12	R0330																N-12		
N-11	R0340	10,247,000	868,000	558,000	1,375,000	8,063,000											N-11		21,111,000
N-10	R0350	27,000	9,000	5,000	-122,000												N-10		-81,000
N-9	R0360																N-9		
N-8	R0370																N-8		
N-7	R0380																N-7		
N-6	R0390																N-6		
N-5	R0400																N-5		
N-4	R0410																N-4		
N-3	R0420																N-3		
N-2	R0430																N-2		
N-1	R0440																N-1		
N	R0450																N		
Total																	Total	42,800	21,072,800

Appendix – Quantitative Reporting Templates (cont.)

Line of business	Z0010	General liability insurance [direct business and accepted proportional reinsurance]
Accident year / Underwriting year	Z0020	Underwriting year [UWY]
Currency	Z0030	Total/NA
Currency conversion	Z0040	Not applicable / Expressed in (converted to) reporting currency

Net Claims Paid (non-cumulative)

(absolute amount)

Year	Development year																In Current year	Sum of years (cumulative)	
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +			
	C1200	C1210	C1220	C1230	C1240	C1250	C1260	C1270	C1280	C1290	C1300	C1310	C1320	C1330	C1340	C1350			
Prior	R0500																C1360	C1370	
N-14	R0510	-1,000	180,000	103,000	215,000	133,000	-285,000	-23,000		-3,000							Prior	0	0
N-13	R0520	2,000	302,000	115,000	34,000	-187,000	-43,000	-1,000	-2,000								N-14	0	319,000
N-12	R0530	9,000	508,000	-4,000	-115,000	-36,000											N-13	0	220,000
N-11	R0540	4,092,000	1,516,000	704,000	1,170,000	7,227,000	-13,000										N-12	0	361,000
N-10	R0550	136,000	-135,000	-972,000	227,000	-12,000											N-11	0	14,696,000
N-9	R0560	2,000	156,000														N-10	0	-756,000
N-8	R0570		24,000	1,000	1,000												N-9	0	157,000
N-7	R0580																N-8	0	26,000
N-6	R0590																N-7	0	0
N-5	R0600																N-6	0	0
N-4	R0610																N-5	0	0
N-3	R0620																N-4	0	0
N-2	R0630																N-3	0	0
N-1	R0640																N-2	0	0
N	R0650																N-1	0	0
																	N	0	0
																	Total	0	15,023,000

Inflation rates (only in the case of using methods that take into account inflation to adjust data)

		N-14	N-13	N-12	N-11	N-10	N-9	N-8	N-7	N-6	N-5	N-4	N-3	N-2	N-1	N
		C1800	C1810	C1820	C1830	C1840	C1850	C1860	C1870	C1880	C1890	C1900	C1910	C1920	C1930	C1940
Historic inflation rate - total	R0700															
Historic inflation rate: external inflation	R0710															
Historic inflation rate: endogenous inflation	R0720															
		C2000	C2010	C2020	C2030	C2040	C2050	C2060	C2070	C2080	C2090	C2100	C2110	C2120	C2130	C2140
Expected inflation rate - total	R0730	N+1	N+2	N+3	N+4	N+5	N+6	N+7	N+8	N+9	N+10	N+11	N+12	N+13	N+14	N+15
Expected inflation rate: external inflation	R0740															
Expected inflation rate: endogenous inflation	R0750															
Description of inflation rate used:	R0760	C2200														

Appendix – Quantitative Reporting Templates (cont.)

S.19.01.01 - Non-life Insurance Claims Information

Line of business	Z0010	General liability insurance [direct business and accepted]
Accident year / Underwriting year	Z0020	Underwriting year [UWY]
Currency	Z0030	Total/NA
Currency conversion	Z0040	Not applicable / Expressed in (converted to) reporting currency

Gross undiscounted Best Estimate Claims Provisions (absolute amount)

Year	Development year																Year end (discounted data)	
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +		
Prior	R0100	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0310	C0320	C0330	C0340	C0350	C0360
N-14	R0110																1,054,037	1,002,382
N-13	R0120																	
N-12	R0130																	
N-11	R0140																	
N-10	R0150																	
N-9	R0160																	
N-8	R0170						1,500	200										
N-7	R0180																	
N-6	R0190																	
N-5	R0200																	
N-4	R0210																	
N-3	R0220																	
N-2	R0230																	
N-1	R0240																	
N	R0250																	
Total																		1,002,382

Undiscounted Best Estimate Claims Provisions - Reinsurance recoverable (absolute amount)

Year	Development year																Year end (discounted data)	
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +		
Prior	R0300	C0800	C0810	C0820	C0830	C0840	C0850	C0860	C0870	C0880	C0890	C0900	C0910	C0920	C0930	C0940	C0950	C0960
N-14	R0310																770,775	728,074
N-13	R0320																	
N-12	R0330																	
N-11	R0340																	
N-10	R0350																	
N-9	R0360																	
N-8	R0370																	
N-7	R0380																	
N-6	R0390																	
N-5	R0400																	
N-4	R0410																	
N-3	R0420																	
N-2	R0430																	
N-1	R0440																	
N	R0450																	
Total																		728,074

Appendix – Quantitative Reporting Templates (cont.)

Line of business	Z0010	General liability insurance [direct business and accepted]
Accident year / Underwriting year	Z0020	Underwriting year [UWY]
Currency	Z0030	Total/NA
Currency conversion	Z0040	Not applicable / Expressed in (converted to) reporting currency

Net Undiscounted Best Estimate Claims Provisions
(absolute amount)

Year	Development year																Year end (discounted data)			
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +				
	C1400	C1410	C1420	C1430	C1440	C1450	C1460	C1470	C1480	C1490	C1500	C1510	C1520	C1530	C1540	C1550				
Prior	R0500																283,263	Prior	C1560	274,308
N-14	R0510	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	N-14	0		
N-13	R0520	0	0	0	0	0	0	0	0	0	0	0	0	0	0	N-13	0			
N-12	R0530	0	0	0	0	0	0	0	0	0	0	0	0	0	N-12	0				
N-11	R0540	0	0	0	0	0	0	0	0	0	0	0	N-11	0						
N-10	R0550	0	0	0	0	0	0	0	0	0	0	N-10	0							
N-9	R0560	0	0	0	0	0	0	0	0	0	N-9	0								
N-8	R0570	0	0	0	0	0	1,500	200	0	0	N-8	0								
N-7	R0580	0	0	0	0	0	0	0	0	N-7	0									
N-6	R0590	0	0	0	0	0	0	N-6	0											
N-5	R0600	0	0	0	0	0	N-5	0												
N-4	R0610	0	0	0	0	N-4	0													
N-3	R0620	0	0	0	N-3	0														
N-2	R0630	0	0	N-2	0															
N-1	R0640	0	N-1	0																
N	R0650	0	N	0																
Total																	Total	274,308		

Appendix – Quantitative Reporting Templates (cont.)

Gross Reported but not Settled Claims (RBNS)

(absolute amount)

Year	Development year															Year end (discounted data)			
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14		15 & +		
	C0400	C0410	C0420	C0430	C0440	C0450	C0460	C0470	C0480	C0490	C0500	C0510	C0520	C0530	C0540	C0550		C0560	
Prior																349,642	Prior	R0100	349,642
N-14	262,000				183,000	72,000											N-14	R0110	
N-13				109,000	151,000												N-13	R0120	
N-12			74,000	103,000													N-12	R0130	
N-11	51,061,000	43,497,000	41,776,000	35,232,000	5,000	5,000											N-11	R0140	
N-10	2,749,000	3,998,000	301,000	8,000	4,000												N-10	R0150	
N-9	333,000	11,000	8,000	4,000													N-9	R0160	
N-8	146,000	14,000	10,000														N-8	R0170	
N-7																	N-7	R0180	
N-6																	N-6	R0190	
N-5																	N-5	R0200	
N-4																	N-4	R0210	
N-3																	N-3	R0220	
N-2																	N-2	R0230	
N-1																	N-1	R0240	
N																	N	R0250	
Total																	Total	R0260	349,642

Reinsurance RBNS Claims

(absolute amount)

Year	Development year															Year end (discounted data)			
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14		15 & +		
	C1000	C1010	C1020	C1030	C1040	C1050	C1060	C1070	C1080	C1090	C1100	C1110	C1120	C1130	C1140	C1150		C1160	
Prior																349,642	Prior	R0300	349,642
N-14																	N-14	R0310	
N-13																	N-13	R0320	
N-12																	N-12	R0330	
N-11	32,643,000	30,160,000	30,340,000	25,824,000													N-11	R0340	
N-10	132,000	77,000	73,000														N-10	R0350	
N-9																	N-9	R0360	
N-8																	N-8	R0370	
N-7																	N-7	R0380	
N-6																	N-6	R0390	
N-5																	N-5	R0400	
N-4																	N-4	R0410	
N-3																	N-3	R0420	
N-2																	N-2	R0430	
N-1																	N-1	R0440	
N																	N	R0450	
Total																	Total	R0460	349,642

Appendix – Quantitative Reporting Templates (cont.)

Net RBNS Claims

(absolute amount)

Year	Development year																Year end (discounted data) C1760		
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +			
	C1600	C1610	C1620	C1630	C1640	C1650	C1660	C1670	C1680	C1690	C1700	C1710	C1720	C1730	C1740	C1750			
Prior																	Prior	R0500	0
N-14	262,000	0	0	0	183,000	72,000	0	0	0	0	0	0	0	0	0	0	N-14	R0510	0
N-13	0	0	0	109,000	151,000	0	0	0	0	0	0	0	0	0	0	0	N-13	R0520	0
N-12	0	0	74,000	103,000	0	0	0	0	0	0	0	0	0	0	0	0	N-12	R0530	0
N-11	18,418,000	13,337,000	11,436,000	9,408,000	5,000	5,000	0	0	0	0	0	0	0	0	0	0	N-11	R0540	0
N-10	2,617,000	3,921,000	228,000	8,000	4,000	0	0	0	0	0	0	0	0	0	0	0	N-10	R0550	0
N-9	333,000	11,000	8,000	4,000	0	0	0	0	0	0	0	0	0	0	0	0	N-9	R0560	0
N-8	146,000	14,000	10,000	0	0	0	0	0	0	0	0	0	0	0	0	0	N-8	R0570	0
N-7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	N-7	R0580	0
N-6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	N-6	R0590	0
N-5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	N-5	R0600	0
N-4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	N-4	R0610	0
N-3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	N-3	R0620	0
N-2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	N-2	R0630	0
N-1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	N-1	R0640	0
N	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	N	R0650	0
Total																	Total	R0660	0

Appendix – Quantitative Reporting Templates (cont.)

P.23.01.01 - Own funds

Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35

- Ordinary share capital (gross of own shares)
- Share premium account related to ordinary share capital
- Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings
- Subordinated mutual member accounts
- Surplus funds
- Preference shares
- Share premium account related to preference shares
- Reconciliation reserve
- Subordinated liabilities
- An amount equal to the value of net deferred tax assets
- Other own fund items approved by the supervisory authority as basic own funds not specified above

Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

Deductions

Deductions for participations in financial and credit institutions

Total basic own funds after deductions

Ancillary own funds

- Unpaid and uncalled ordinary share capital callable on demand
- Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand
- Unpaid and uncalled preference shares callable on demand
- A legally binding commitment to subscribe and pay for subordinated liabilities on demand
- Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC
- Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC
- Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC
- Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC
- Other ancillary own funds

Total ancillary own funds

Available and eligible own funds

- Total available own funds to meet the SCR
- Total available own funds to meet the MCR
- Total eligible own funds to meet the SCR
- Total eligible own funds to meet the MCR

SCR

MCR

Ratio of Eligible own funds to SCR

Ratio of Eligible own funds to MCR

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
R0010	1	1			
R0030					
R0040					
R0050					
R0070					
R0090					
R0110					
R0130	5,356	5,356			
R0140					
R0160					
R0180					
R0220					
R0230					
R0290	5,357	5,357			
R0300					
R0310					
R0320					
R0330					
R0340					
R0350					
R0360					
R0370					
R0390					
R0400					
R0500	5,357	5,357			
R0510	5,357	5,357			
R0540	5,357	5,357			
R0550	5,357	5,357			
R0580	285				
R0600	3,101				
R0620	####				
R0640	1.7275				

Appendix – Quantitative Reporting Templates (cont.)

P.23.01.01 - Own funds

Reconciliation reserve

Excess of assets over liabilities

Own shares (held directly and indirectly)

Foreseeable dividends, distributions and charges

Other basic own fund items

Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds

Reconciliation reserve

Expected profits

Expected profits included in future premiums (EPIFP) - Life business

Expected profits included in future premiums (EPIFP) - Non- life business

Total Expected profits included in future premiums (EPIFP)

	C0060				
R0700	5,357				
R0710					
R0720					
R0730	1				
R0740					
R0760	5,356				
R0770					
R0780					
R0790					

Appendix – Quantitative Reporting Templates (cont.)

P.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula

Market risk
 Counterparty default risk
 Life underwriting risk
 Health underwriting risk
 Non-life underwriting risk
 Diversification
 Intangible asset risk

Basic Solvency Capital Requirement

Calculation of Solvency Capital Requirement

Operational risk
 Loss-absorbing capacity of technical provisions
 Loss-absorbing capacity of deferred taxes
 Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC

Solvency capital requirement excluding capital add-on

Capital add-on already set

Solvency capital requirement

Other information on SCR

Capital requirement for duration-based equity risk sub-module
 Total amount of Notional Solvency Capital Requirement for remaining part
 Total amount of Notional Solvency Capital Requirements for ring fenced funds
 Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios
 Diversification effects due to RFF nSCR aggregation for article 304

Approach to tax rate

Approach based on average tax rate

Calculation of loss absorbing capacity of deferred taxes

DTA
 DTA carry forward
 DTA due to deductible temporary differences
 DTL
 LAC DT
 LAC DT justified by reversion of deferred tax liabilities
 LAC DT justified by reference to probable future taxable economic profit
 LAC DT justified by carry back, current year
 LAC DT justified by carry back, future years
 Maximum LAC DT

	Gross solvency capital requirement	USP	Simplifications
	C0110	C0090	C0120
R0010	133		
R0020	121		
R0030			
R0040			
R0050	91		
R0060	-88		
R0070			
R0100	255		

	C0100
R0130	30
R0140	
R0150	
R0160	
R0200	285
R0210	
R0220	285
R0400	
R0410	
R0420	
R0430	
R0440	

	Yes/No
	C0109
R0590	0

	LAC DT
	C0130
R0600	
R0610	
R0620	
R0630	
R0640	
R0650	
R0660	
R0670	
R0680	
R0690	

Appendix – Quantitative Reporting Templates (cont.)

P.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

MCRNL Result

C0010	
R0010	28

Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
C0020	C0030

- Medical expenses insurance and proportional reinsurance
- Income protection insurance and proportional reinsurance
- Workers' compensation insurance and proportional reinsurance
- Motor vehicle liability insurance and proportional reinsurance
- Other motor insurance and proportional reinsurance
- Marine, aviation and transport insurance and proportional reinsurance
- Fire and other damage to property insurance and proportional reinsurance
- General liability insurance and proportional reinsurance
- Credit and suretyship insurance and proportional reinsurance
- Legal expenses insurance and proportional reinsurance
- Assistance and proportional reinsurance
- Miscellaneous financial loss insurance and proportional reinsurance
- Non-proportional health reinsurance
- Non-proportional casualty reinsurance
- Non-proportional marine, aviation and transport reinsurance
- Non-proportional property reinsurance

R0020		
R0030		
R0040		
R0050		
R0060		
R0070		
R0080		
R0090	274	
R0100		
R0110		
R0120		
R0130		
R0140		
R0150		
R0160		
R0170		

Linear formula component for life insurance and reinsurance obligations

MCRL Result

C0040	
R0200	

Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
C0050	C0060

- Obligations with profit participation - guaranteed benefits
- Obligations with profit participation - future discretionary benefits
- Index-linked and unit-linked insurance obligations
- Other life (re)insurance and health (re)insurance obligations
- Total capital at risk for all life (re)insurance obligations

R0210		
R0220		
R0230		
R0240		
R0250		

Overall MCR calculation

- Linear MCR
- SCR
- MCR cap
- MCR floor
- Combined MCR
- Absolute floor of the MCR

C0070	
R0300	28
R0310	285
R0320	128
R0330	71
R0340	71
R0350	3,101

Minimum Capital Requirement

C0070	
R0400	3,101