

---

# Solvency & Financial Condition Report Centrewrite Limited

For the year ended 31 December 2020

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

April 2021

---

## 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



07 Apr 2021

# Contents

## Introduction & Summary

### A Business and Performance

- A.1 Business
- A.2 Underwriting Performance
- A.3 Investment Performance
- A.4 Performance of other activities
- A.5 Any other information

### B System of Governance (“SOG”)

- B.1 General information on the SOG
- B.2 Fit and proper requirements
- B.3 Risk management systems
- B.4 Internal control system
- B.5 Internal audit function
- B.6 Actuarial function
- B.7 Outsourcing
- B.8 Any other information

### C Risk Profile

- C.1 Underwriting risk
- C.2 Market risk
- C.3 Credit risk
- C.4 Liquidity risk
- C.5 Operational risk
- C.6 Other material risks
- C.7 Any other information

### D Valuation for Solvency Purposes

- D.1 Assets
- D.2 Technical Provisions
- D.3 Other liabilities
- D.4 Alternative methods of valuation
- D.5 Any other information

### E Capital Management

- E.1 Own funds
- E.2 SCR & MCR
- E.3 Use of duration based equity risk sub-module in the calculation of the SCR
- E.4 Differences between the standard formula and any internal model used
- E.5 Non-compliance with the MCR and with the SCR
- E.6 Any other information

### Appendix – Quantitative Reporting Templates

# 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. The last time the company underwrote the RITC was 2013.

## Business (cont.)

There are no notified outstanding claims and no claims paid in either 2020 or 2019 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 2020 or 2019. 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:

- Results on the technical account of £NIL for 2020 (2019: profit £7k).
- Loss on the non-technical account before taxation was £22k for 2020 (2019: profit of £10k).
- As at 31 December 2020 the Company had £5.7m in equity shareholders' funds (2019: £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. 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 2020. 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 2020 of £7.2m. This comprised £5.9m of financial investments and £1.3m reinsurance recoverable; and
- Net technical provisions as at 31 December 2020 of £0.3m after allowing for £1.3m 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 2020, 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 £3.2m (as calculated using the absolute floor for a pure reinsurer of €3.6m).

	As at December	
	2020	2019
	£'000	£'000
Total available own funds to meet SCR & MCR	5,403	5,357
SCR	280	285
MCR	3,247	3,101
Ratio of Eligible own funds to SCR	19.3	18.8
Ratio of Eligible own funds to MCR	1.7	1.7

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 2020, 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	Note	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Gross written premiums		-		-	
Outward reinsurance premiums		-		-	
Earned premiums, net of reinsurance			-		-
Claims paid					
Gross amount	11	(1)		(43)	
Reinsurers' share	11	1		43	
Net Claims Paid		-		-	
Change in provisions for claims					
Gross amount	11	(295)		224	
Reinsurers' share	11	295		(217)	
Claims Incurred, net of reinsurance			-		7
<b>Balance on the technical account for general business</b>			-		7

The net movements in the technical account arise from the provision for Exeat/EPP of £NIL. 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 £18k (2019: £46k) is fully derived from the Company's portion of the income earned by the Society of Lloyd's commingled funds. In 2020, the return on the commingled funds was 0.35% (2019: 0.77%) against a benchmark of 0.45%.

Commingled Funds:	Within 1 year	Within 1 year
	2020	2019 (Restated)
	£'000	£'000
<b>Floating rate</b>		
Corporate Bonds*	1,891	1,731
Deposits with credit institutions	299	2,536
Cash and cash equivalents	3,610	1,514

\*Corporate Bonds now reported separately from Deposits with credit institutions

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 have increased from prior year to £40k (2019: £36k).

### A.5 Any other information

Overall the Company made a loss after tax of £18k (2019: profit of £14k).

The UK's exit from the EU ("Brexit") on 31 January 2020 had no significant impact on the Company. All policies are underwritten and reinsured in the UK.

The volatility in financial markets arising from the COVID-19 pandemic has not materially impacted the valuation of the assets held by Centrowrite as these are invested in short term 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 2020.

---

## 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 £1m (2019: £772k). 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 (Fitch).

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:

	2020	2019 (Restated)
	£'000	£'000
Corporate Bonds*	1,891	1,731
Deposits with credit institutions	299	2,536
Reinsurance share of technical provisions	1,068	772
Cash and cash equivalents	3,724	1,629
<b>Total assets bearing credit risk</b>	<b>6,982</b>	<b>6,668</b>
AAA	3,609	1,512
AA	1,755	1,973
A	1,617	2,782
BBB	-	400
NR	1	1
<b>Total assets bearing credit risk</b>	<b>6,982</b>	<b>6,668</b>

\*Corporate Bonds now reported separately from Deposits with credit institutions

A de-risking exercise within the commingled fund during the year resulted in further allocation to Cash & cash equivalent from deposits with credit institutions. This has consequently strengthened the credit quality of the portfolio, with an increased allocation to AAA-rated assets. No credit limits were exceeded during the year. No assets are past due 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 £58k (2019: £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.

#### Covid-19

The Covid-19 pandemic is continuing to have an impact on the global economy and social activities. This impact is being actively monitored by the Society of Lloyds to provide the company with assurance that risks are appropriately managed through this evolving environment.

### C.7 Any other information

The 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 short term money-market instruments.

## D Valuation for Solvency Purposes

### D.1 Assets

	31-Dec-2020 Assets		31-Dec-2019 Assets	
	GAAP £'000	Solvency II £'000	GAAP £'000	Solvency II £'000
Corporate Bonds	1,891	1,891	1,730	1,729
Collective Investment Undertakings		3,609		1,512
Deposits other than cash	299	301	2,537	2,538
Reinsurance Recoverable	1,068	1,274	772	728
Cash and Cash equivalent	3,724	115	1,629	117
Investments	6,982	7,190	6,668	6,624
Total Assets	6,982	7,190	6,668	6,624

The difference between the valuation of investments recorded at amortised cost basis for GAAP purposes, and at fair value basis for Solvency II reporting purposes, is an expected loss within Deposits other than cash.

### 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 of £0.2k (2019: NIL) 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-2020		31-Dec-2019	
	Technical Provision		Technical Provision	
	GAAP	Solvency II	GAAP	Solvency II
	£'000	£'000	£'000	£'000
Technical Provision	1,068	1,511	772	1,002
Risk Margin	-	63	-	87
Gross Technical Provision	1,068	1,574	772	1,089
Reinsurance Share	(1,068)	(1,274)	(772)	(728)
<b>Net technical provision</b>	<b>-</b>	<b>300</b>	<b>-</b>	<b>361</b>

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.

	2020	2019
	£'000	£'000
GAAP gross technical provisions	1,068	772
Risk Margin	63	87
Run-off provision	237	273
ENIDs	214	-
Discounting	(8)	(43)
<b>SII gross technical provisions</b>	<b>1,574</b>	<b>1,089</b>

#### 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 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.

#### ENIDs

During 2020 year-end, an ENID load of 20% has been added in respect of gross reserves on Syndicate 553 (Warrilow), to allow for the possibility of events occurring that will not be in the history of the data. The impact on the net TPs is minimal as Warrilow reserves are fully reinsured.

### 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

	2020	2019
	£'000	£'000
GAAP RI share of technical provisions	1,068	772
Discounting	(6)	(43)
ENIDs	212	-
Other valuation differences	-	(1)
SII RI share of technical provisions	<u>1,274</u>	<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 2020.

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-2020		31-Dec-2019	
	Other Liabilities		Other Liabilities	
	GAAP	Solvency II	GAAP	Solvency II
	£'000	£'000	£'000	£'000
Provision for other risk and changes				
Amounts owed to group undertakings	213	-	172	-
Accruals and deferred income	1	-	1	-
Payables	-	214	5	178
	<b>214</b>	<b>214</b>	<b>178</b>	<b>178</b>

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 2020, on a Solvency II basis the Company had £5.4m in own funds (2019: £5.4m) comprising £1,000 of issued share capital and the balance in reserves of £5.4m (2019: £5.4m). 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 run-off provision, risk margin and the impact of the discounting and reinsurer default allowances discussed in section D.2.

	£'000
Shareholder's equity under GAAP	5,700
Run-off provision (SII only)	(237)
Risk margin	(63)
Valuation Differences	3
Excess of assets over liabilities (S.02.01.01)	<u>5,403</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 £3.2m. 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	
	2020 £'000	2019 £'000
Market Risk	59	133
Counterparty Default Risk	161	120
Non-Life Underwriting Risk	78	91
Diversification	(63)	(89)
Operational Risk	45	30
<b>SCR</b>	<b>280</b>	<b>285</b>
<b>MCR</b>	<b>3,241</b>	<b>3,199</b>

### 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

## P.02.01.02 – Balance sheet

		Solvency II value
	<b>Assets</b>	C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	0
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	5,802
R0080	Property (other than for own use)	0
R0090	Holdings in related undertakings, including participations	0
R0100	Equities	0
R0110	Equities - listed	0
R0120	Equities - unlisted	0
R0130	Bonds	1,891
R0140	Government Bonds	0
R0150	Corporate Bonds	1,891
R0160	Structured notes	0
R0170	Collateralised securities	0
R0180	Collective Investments Undertakings	3,609
R0190	Derivatives	0
R0200	Deposits other than cash equivalents	301
R0210	Other investments	0
R0220	Assets held for index-linked and unit-linked contracts	0
R0230	Loans and mortgages	0
R0240	Loans on policies	0
R0250	Loans and mortgages to individuals	0
R0260	Other loans and mortgages	0
R0270	Reinsurance recoverables from:	1,274
R0280	Non-life and health similar to non-life	1,274
R0290	Non-life excluding health	1,274
R0300	Health similar to non-life	0
R0310	Life and health similar to life, excluding health and index-linked and unit-linked	0
R0320	Health similar to life	0
R0330	Life excluding health and index-linked and unit-linked	0
R0340	Life index-linked and unit-linked	0
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	0
R0370	Reinsurance receivables	0
R0380	Receivables (trade, not insurance)	0
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	115
R0420	Any other assets, not elsewhere shown	0
R0500	<b>Total assets</b>	<b>7,191</b>

Templates in this appendix are presented in thousands of pounds

## Appendix – Quantitative Reporting Templates (cont.)

### P.02.01.02 – Balance sheet continued

	<b>Solvency II value</b>
	C0010
<b>Liabilities</b>	
R0510 Technical provisions – non-life	1,574
R0520 Technical provisions – non-life (excluding health)	1,574
R0530 TP calculated as a whole	0
R0540 Best Estimate	1,511
R0550 Risk margin	63
R0560 Technical provisions - health (similar to non-life)	0
R0570 TP calculated as a whole	0
R0580 Best Estimate	0
R0590 Risk margin	0
R0600 Technical provisions - life (excluding index-linked and unit-linked)	0
R0610 Technical provisions - health (similar to life)	0
R0620 TP calculated as a whole	0
R0630 Best Estimate	0
R0640 Risk margin	0
R0650 Technical provisions – life (excluding health and index-linked and unit-linked)	0
R0660 TP calculated as a whole	0
R0670 Best Estimate	0
R0680 Risk margin	0
R0690 Technical provisions – index-linked and unit-linked	0
R0700 TP calculated as a whole	0
R0710 Best Estimate	0
R0720 Risk margin	0
R0740 Contingent liabilities	0
R0750 Provisions other than technical provisions	0
R0760 Pension benefit obligations	0
R0770 Deposits from reinsurers	0
R0780 Deferred tax liabilities	0
R0790 Derivatives	0
R0800 Debts owed to credit institutions	0
R0810 Financial liabilities other than debts owed to credit institutions	0
R0820 Insurance & intermediaries payables	0
R0830 Reinsurance payables	0
R0840 Payables (trade, not insurance)	214
R0850 Subordinated liabilities	0
R0860 Subordinated liabilities not in Basic Own Funds	0
R0870 Subordinated liabilities in Basic Own Funds	0
R0880 Any other liabilities, not elsewhere shown	0
R0900 <b>Total liabilities</b>	<b>1,788</b>
R1000 <b>Excess of assets over liabilities</b>	<b>5,403</b>

# 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)												Line of Business for: accepted non-proportional reinsurance				Total
	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	Health	Casualty	Marine, aviation, transport	Property	
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	
<b>Premiums written</b>																	
R0110 Gross - Direct Business	0	0	0	0	0	0	0	0	0	0	0	0					0
R0120 Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0					0
R0130 Gross - Non-proportional reinsurance accepted													0	0	0	0	0
R0140 Reinsurers' share	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0200 Net	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Premiums earned</b>																	
R0210 Gross - Direct Business	0	0	0	0	0	0	0	0	0	0	0	0					0
R0220 Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0					0
R0230 Gross - Non-proportional reinsurance accepted													0	0	0	0	0
R0240 Reinsurers' share	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0300 Net	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Claims incurred</b>																	
R0310 Gross - Direct Business	0	0	0	0	0	0	0	0	0	0	0	0					0
R0320 Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	1	0	0	0	0					1
R0330 Gross - Non-proportional reinsurance accepted													0	0	0	0	0
R0340 Reinsurers' share	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1
R0400 Net	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Changes in other technical provisions</b>																	
R0410 Gross - Direct Business	0	0	0	0	0	0	0	0	0	0	0	0					0
R0420 Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	295	0	0	0	0					295
R0430 Gross - Non-proportional reinsurance accepted													0	0	0	0	0
R0440 Reinsurers' share	0	0	0	0	0	0	0	295	0	0	0	0	0	0	0	0	295
R0500 Net	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0550 <b>Expenses incurred</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R1200 <b>Other expenses</b>																	0
R1300 <b>Total expenses</b>																	0


# Appendix – Quantitative Reporting Templates (cont.)

Annex 1  
P.17.01.02 - Non-Life Technical Provisions

	Direct business and accepted proportional reinsurance											Accepted non-proportional reinsurance				Total Non-Life obligation	
	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	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance		Non-proportional property reinsurance
	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160		C0170
R0010	<b>Technical provisions calculated as a whole</b>																
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole																
	<b>Technical provisions calculated as a sum of BE and RM</b>																
	<b>Best estimate</b>																
	Premium provisions																
R0060	Gross																
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default																
R0150	Net Best Estimate of Premium Provisions																
	<b>Claims provisions</b>																
R0160	Gross																
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default																
R0250	Net Best Estimate of Claims Provisions																
R0260	<b>Total Best estimate – gross</b>																
R0270	<b>Total Best estimate – net</b>																
R0280	<b>Risk margin</b>																
	<b>Amount of the transitional on Technical Provisions</b>																
R0290	Technical Provisions calculated as a whole																
R0300	Best estimate																
R0310	Risk margin																
	<b>Technical provisions – total</b>																
R0320	Technical provisions – total																
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default – total																
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re – total																



# Appendix – Quantitative Reporting Templates (cont.)

P.19.01.21 - Non-life Insurance Claims Information (simplified template for the public disclosure)		Contents		Tabular 										
<b>Total Non-Life Business</b>														
20020	Accident year / Underwriting year	20020	Underwriting year [UWY]											
<b>Gross Claims Paid (non-cumulative)</b> (absolute amount)														
		<b>Development year</b>												
	<b>Year</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10 &amp; +</b>	<b>In Current year</b>	<b>Sum of years (cumulative)</b>
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
R0100	<b>Prior</b>											1	1	1
R0160	<b>N-9</b>	2	156	0	-1	0	0	0	0	0	0		0	157
R0170	<b>N-8</b>	0	24	1	1	0	0	0	0	0			0	26
R0180	<b>N-7</b>	0	0	0	0	0	0	0	0	0			0	0
R0190	<b>N-6</b>	0	0	0	0	0	0	0					0	0
R0200	<b>N-5</b>	0	0	0	0	0	0						0	0
R0210	<b>N-4</b>	0	0	0	0	0							0	0
R0220	<b>N-3</b>	0	0	0	0								0	0
R0230	<b>N-2</b>	0	0	0									0	0
R0240	<b>N-1</b>	0	0										0	0
R0250	<b>N</b>	0											0	0
R0260													<b>Total</b>	<b>184</b>
<b>Gross undiscounted Best Estimate Claims Provisions</b> (absolute amount)														
		<b>Development year</b>												
	<b>Year</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10 &amp; +</b>	<b>Year end (discounted data)</b>	
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360	
R0100	<b>Prior</b>											1,518	1,511	
R0160	<b>N-9</b>	0	0	0	0	0	0	0	0	0	0		0	
R0170	<b>N-8</b>	0	0	0	0	0	2	0	0	0			0	
R0180	<b>N-7</b>	0	0	0	0	0	0	0	0				0	
R0190	<b>N-6</b>	0	0	0	0	0	0	0					0	
R0200	<b>N-5</b>	0	0	0	0	0	0						0	
R0210	<b>N-4</b>	0	0	0	0	0							0	
R0220	<b>N-3</b>	0	0	0	0								0	
R0230	<b>N-2</b>	0	0	0									0	
R0240	<b>N-1</b>	0	0										0	
R0250	<b>N</b>	0											0	
R0260													<b>Total</b>	<b>1,511</b>

# Appendix – Quantitative Reporting Templates (cont.)

## P.23.01.01 - Own funds

P.23.01.01 - Own funds		Contents		Tabular		Microsoft Excel based Solvency II reporting solution	
		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3	
		C0010	C0020	C0030	C0040	C0050	
<b>Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of</b>							
R0010	Ordinary share capital (gross of own shares)	1	1	0	0	0	
R0030	Share premium account related to ordinary share capital	0	0	0	0	0	
R0040	Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	0	0	0	0	0	
R0050	Subordinated mutual member accounts	0	0	0	0	0	
R0070	Surplus funds	0	0	0	0	0	
R0090	Preference shares	0	0	0	0	0	
R0110	Share premium account related to preference shares	0	0	0	0	0	
R0120	Reconciliation reserve	5,402	5,402	0	0	0	
R0140	Subordinated liabilities	0	0	0	0	0	
R0160	An amount equal to the value of net deferred tax assets	0	0	0	0	0	
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0	
<b>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</b>							
R0220	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	0	0	0	0	0	
<b>Deductions</b>							
R0230	Deductions for participations in financial and credit institutions	0	0	0	0	0	
R0290	<b>Total basic own funds after deductions</b>	5,403	5,403	0	0	0	
<b>Ancillary own funds</b>							
R0300	Unpaid and uncalled ordinary share capital callable on demand	0	0	0	0	0	
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0	0	0	0	0	
R0320	Unpaid and uncalled preference shares callable on demand	0	0	0	0	0	
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0	0	0	0	0	
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0	0	0	0	0	
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0	0	0	0	0	
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0	0	0	0	0	
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0	0	0	0	0	
R0390	Other ancillary own funds	0	0	0	0	0	
R0400	<b>Total ancillary own funds</b>	0	0	0	0	0	
<b>Available and eligible own funds</b>							
R0500	Total available own funds to meet the SCR	5,403	5,403	0	0	0	
R0510	Total available own funds to meet the MCR	5,403	5,403	0	0	0	
R0540	Total eligible own funds to meet the SCR	5,403	5,403	0	0	0	
R0550	Total eligible own funds to meet the MCR	5,403	5,403	0	0	0	
R0580	<b>SCR</b>	280					
R0600	<b>MCR</b>	3,247					
R0620	<b>Ratio of Eligible own funds to SCR</b>	19.2749					
R0640	<b>Ratio of Eligible own funds to MCR</b>	1.6638					
<b>Reconciliation reserve</b>							
R0700	Excess of assets over liabilities	5,403					
R0710	Own shares (held directly and indirectly)	0					
R0720	Foreseeable dividends, distributions and charges	0					
R0730	Other basic own fund items	1					
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0					
R0760	<b>Reconciliation reserve</b>	5,402					
<b>Expected profits</b>							
R0770	Expected profits included in future premiums (EPIFP) - Life business	0					
R0780	Expected profits included in future premiums (EPIFP) - Non-life business	0					
R0790	<b>Total Expected profits included in future premiums (EPIFP)</b>	0					

# Appendix – Quantitative Reporting Templates (cont.)

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

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010 Market risk	R0010	59		
R0020 Counterparty default risk	R0020	161		
R0030 Life underwriting risk	R0030	0		
R0040 Health underwriting risk	R0040	0		
R0050 Non-life underwriting risk	R0050	79		
R0060 Diversification	R0060	-63		
R0070 Intangible asset risk	R0070	0		
R0100 <b>Basic Solvency Capital Requirement</b>	R0100	235		
<b>Calculation of Solvency Capital Requirement</b>				
R0130 Operational risk	R0130	45		
R0140 Loss-absorbing capacity of technical provisions	R0140	0		
R0150 Loss-absorbing capacity of deferred taxes	R0150	0		
R0160 Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0		
R0200 <b>Solvency capital requirement excluding capital add-on</b>	R0200	280		
R0210 Capital add-on already set	R0210	0		
R0220 <b>Solvency capital requirement</b>	R0220	280		
<b>Other information on SCR</b>				
R0400 Capital requirement for duration-based equity risk sub-module	R0400	0		
R0410 Total amount of Notional Solvency Capital Requirement for remaining part	R0410	0		
R0420 Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	0		
R0430 Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	0		
R0440 Diversification effects due to RFF nSCR aggregation for article 304	R0440	0		
<b>Approach to tax rate</b>				
R0590 Approach based on average tax rate	R0590	0		
<b>Calculation of loss absorbing capacity of deferred taxes</b>				
<b>LAC DT</b>				
C0130				
R0600 DTA	R0600			
R0610 DTA carry forward	R0610			
R0620 DTA due to deductible temporary differences	R0620			
R0630 DTL	R0630			
R0640 LAC DT	R0640	0		
R0650 LAC DT justified by reversion of deferred tax liabilities	R0650	0		
R0660 LAC DT justified by reference to probable future taxable economic profit	R0660	0		
R0670 LAC DT justified by carry back, current year	R0670	0		
R0680 LAC DT justified by carry back, future years	R0680	0		
R0690 Maximum LAC DT	R0690	0		

# Appendix – Quantitative Reporting Templates (cont.)

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

<b>life insurance and reinsurance obligations</b>		C0010		
R0010	MCRNL Result	24	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
			C0020	C0030
R0020	Medical expenses insurance and proportional reinsurance	0	0	0
R0030	Income protection insurance and proportional reinsurance	0	0	0
R0040	Workers' compensation insurance and proportional reinsurance	0	0	0
R0050	Motor vehicle liability insurance and proportional reinsurance	0	0	0
R0060	Other motor insurance and proportional reinsurance	0	0	0
R0070	Marine, aviation and transport insurance and proportional reinsurance	0	0	0
R0080	Fire and other damage to property insurance and proportional reinsurance	0	0	0
R0090	General liability insurance and proportional reinsurance	238	0	0
R0100	Credit and suretyship insurance and proportional reinsurance	0	0	0
R0110	Legal expenses insurance and proportional reinsurance	0	0	0
R0120	Assistance and proportional reinsurance	0	0	0
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	0	0
R0140	Non-proportional health reinsurance	0	0	0
R0150	Non-proportional casualty reinsurance	0	0	0
R0160	Non-proportional marine, aviation and transport reinsurance	0	0	0
R0170	Non-proportional property reinsurance	0	0	0

<b>insurance and reinsurance obligations</b>		C0040		
R0200	MCRIL Result	0	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
			C0050	C0060
R0210	Obligations with profit participation - guaranteed benefits	0	0	
R0220	Obligations with profit participation - future discretionary benefits	0	0	
R0230	Index-linked and unit-linked insurance obligations	0	0	
R0240	Other life (re)insurance and health (re)insurance obligations	0	0	
R0250	Total capital at risk for all life (re)insurance obligations			0

<b>Overall MCR calculation</b>		C0070
R0300	Linear MCR	24
R0310	SCR	280
R0320	MCR cap	126
R0330	MCR floor	70
R0340	Combined MCR	70
R0350	Absolute floor of the MCR	3,247
		C0070
R0400	<b>Minimum Capital Requirement</b>	3,247