Carraig insurance company Ltd

SOLVENCY AND FINANCIAL CONDITION REPORT

28 FEBRUARY 2021

Contents

Executive Summary

The new, harmonised EU-wide regulatory regime for Insurance Companies, known as Solvency II, came into force with effect from 1 January 2016. The regime requires new reporting and public disclosure arrangements to be put in place by insurers and some of that is required to be published publicly.

This document is the fifth version of the Solvency and Financial Condition Report ('SFCR') that is required to be published by Carraig Insurance Company Limited ('CICL', 'Carraig' or the 'Company').

Carraig is a company licensed and regulated in Gibraltar by the Gibraltar Financial Services Commission. Carraig was established in 2002 and is licensed to underwrite motor insurance, specialising in commercial motor fleet. Since 2002 the Company has underwritten premiums in excess of £200 million in the UK and Ireland.

This report covers the Business and Performance of Carraig, its System of Governance, Risk Profile, Valuation for Solvency Purposes and Capital Management. The ultimate Administrative Body that has the responsibility for all of these matters is the Company's Board of Directors, with the help of the Audit, Risk and Compliance Committee and Claims and Underwriting Committee, in addition to various governance and control functions that it has put in place to monitor and manage the business.

The Board of Directors and the management team include highly skilled and experienced individuals who oversee the various functions of the business, with carefully selected outsourced service providers, who have developed the specific knowledge of its book of business and its requirements. CICL has outsourced certain operations to its insurance manager, Artex Risk Solutions (Gibraltar) Limited (Artex).In addition other activities such as claims and policy administration is outsourced to Direct Commercial Limited and actuarial services are provided by Deloitte Actuarial Services Limited. A detailed organisational chart is included within this report.

For the financial year ended 28 February 2021, CICL wrote £34.19m (2020: £23.82m) in gross written premiums, of which a small portion related to premiums written within Ireland (£0.93m (2020: £1.01m)). The Company reported an overall, after tax, profit of circa £1.83m (2020: profit of £0.57m). The Company's Own Funds under Solvency II, as at 28 February 2021, amounted to £12.58m (2020: £10.57m), exceeding the SCR by £3.76m (2020: £1.87m). Over the last two years, the Company has increased its solvency surplus and can confirm that since the year end further progress has been made in this regard. The business plan forecasts that Own Funds will continue to increase, through delivering a profitable underwriting result. The Board confirms that as at 28 February 2021 the Company's solvency coverage was 143% (2020: 121%).

1 Business Performance

1.1 Business

1.1.1 Legal form of undertaking

CICL is a company limited by shares and incorporated in Gibraltar (83660). The Company's registered address is as follows:

First Floor, Grand Ocean Village
Ocean Village
Gibraltar
GX11 1AA

1.1.2 Supervisory Authority

The Company is regulated by the Gibraltar Financial Services Commission.

PO Box 940
Suite 3, Ground Floor
Atlantic Suites
Europort Avenue
Gibraltar
GX11 1AA
+350 200 40283

1.1.3 Independent Auditors

The Company's auditors for the financial year ended 28 February 2021 were:

PricewaterhouseCoopers Limited
327 Main Street
Gibraltar
GX11 1AA

1.1.4 Board of Directors

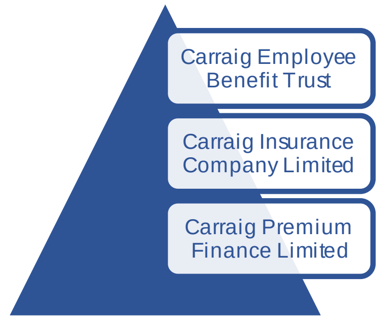
The Directors who served during the year were:

Philip Cunningham
Colin Tattersall
Liam Guilfoyle
Christopher Webb
Colin Peters

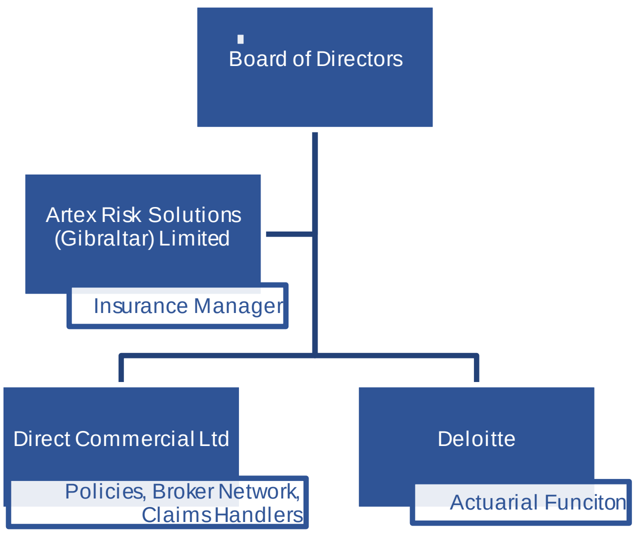
1.1.5 Ultimate Beneficial Owners

As at 28 February 2021, the Company is owned by the Carraig Employee Benefit Trust, whose trustees are the ultimate controlling party.

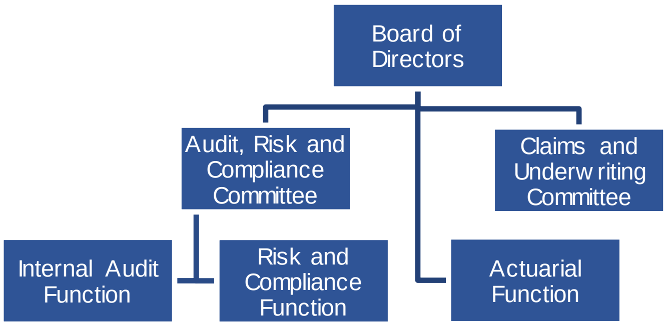
1.1.6 Ownership Structure



1.1.7 Management Structure, outsourcing and advisory partners



1.1.8 Key Functions



1.2 Underwriting Performance

The Company writes its business through its broker network and has sourced capacity to write both direct and in-direct business with its re-insurance partners. The Company accepts business as both an insurer and re-insurer, and continues to use proportional re-insurance arrangements extensively to manage its underwriting risks.

The majority of the portfolio of business written is made up of Haulage, with the Company offering a 'Treble 20' product comprising of a three-year successive annual policy with binding renewal agreements. Other products include as 'Haul-in-One', which is being offered online and 'Camatics', which was developed by the Company's service agent. These are tools that allow the Company to differentiate itself from its competitors.

For the year ended 28 February 2021, the Company wrote £34.19m (2020: £23.82m), of which £19.11m (2020: £10.21m) was retained business. The table below illustrates the overall technical profit.

TECHNICAL ACCOUNT

	28-Feb-21	***29-Feb-20***
	£'000	***£'000***
Earned premiums net of reinsurance		
Gross premiums written	**34,190**	**23,818**
Outward Reinsurance Premium	**(15,079)**	**(13,604)**
Net Premiums Written	**19,111**	**10,214**
Earned premiums net of reinsurance	**14,580**	**13,655**
Other technical income	**2,322**	**871**
Claims incurred net of reinsurance	**(7,481)**	**(9,496)**
Other technical expenses	**(8,844)**	**(3,787)**
Balance in the technical account	**577**	**1.243**

The underwriting profit for the year ended 28 February 2021 was £0.57m (2020: profit of £1.24m). During the year the Company increased its retained share of premiums underwritten to 20% (2020: 10%) and the commission arrangement with Direct Commercial Limited was amended to a sliding scale basis to bring it in line with other capacity providers. The Board confirms that the stability and low variability of the book of business will help to ensure its underwriting profitability into the future, coupled with maintaining the retained share of the underwriting performance at 20% for the financial year ending 28 February 2022.

1.3 Investment Performance

The Company operates a generally risk-averse investment policy, investing in a diversified portfolio made up of cash held at bank, investment property and some equity shares. During the year ended 29 February 2020, the Company disposed of its investments in Equity Shares. As at 28 February 2021, the Company's investment portfolio and its yield was made up as follows:

	as at 28 February 2021		as at 28 February 2020	
	Value	**Yield**	**Value**	**Yield**
	£'000	**£'000**	**£'000**	**£'000**
Cash & Cash Equivalents	**6,048**	**206**	**3,911**	**122**
Land & Buildings	**4,655**	**405**	**4,655**	**405**
Equity Shares	**-**	**-**	**-**	**47**
Subsidiary	**502**	**792**	**502**	**672**
Total	**11,205**	**1,403**	**9,068**	**1,246**

The Company does not invest in any corporate bonds, government bonds, derivatives or securitisations.

1.4 Performance of other activities

Under the current reinsurance agreements, the Company receives profit commission. The amount allows for expenses and the cedant's share of profit after these expenses are accounted for. The profit commission for the year was as follows:

	28 February 2021	28 February 2020
	£'000	**£'000**
Profit Commission	**2,322**	**871**
Total	**2,322**	**871**

1.5 Covid-19

In March 2020, the World Health Organisation declared a pandemic related to the rapidly spreading coronavirus (COVID- 19) outbreak, which has led to a global health emergency.

As a result, economic uncertainties have a risen which could impact the Company's operations and its financial position. These developments are being monitored closely as well as any impacts on the Company and its key service providers.

Based on information currently available, the nature of the Company's insurance business and underlying contracts, management have concluded that:

(i) there are currently no expected or potential losses (including underwriting, investment and/or other losses) specifically related to the COVID-19 pandemic;

(ii) none of the insurance products of the Company are exposed to potential claims resulting from COVID-19and its knock-on effects, and therefore no reassessment of the potential loss exposure is currently warranted;

(iii) there is no impact to date of the COVID-19 pandemic on either the liquidity and/or solvency of the Company;

(iv) there are no applicable reinsurance protections and/or other hedging arrangements in place;
(v) we have reviewed our business continuity plan and assessed our relationship with all critical third party providers and where needed have taken actions to mitigate any perceived risks; and
(vi) the Company is not facing any material risks resulting from the outbreak of COVID-19.

2 System of Governance

2.1 General Information

It is the responsibility of the Board to ensure that the Company complies with Pillar II of the Solvency II regulations. Wherever possible, and where regulations allow, proportionality has been taken into consideration when establishing the relevant functions. The Board is supported by two sub-committees – the Audit, Risk and Compliance Committee and the Claims and Underwriting Committee.. Responsibility for compliance with Pillar II of the Solvency II regime is the responsibility of the Audit, Risk and Compliance Committee. Key function holders oversee the vital activities of the Company.

2.1.1 The structure of the Board of Directors (BoD)

As at 28 February 2021, the composition of the Board is shown below:

Philip Cunningham, Managing Director (Chairman)
Colin Tattersall, Non-Executive Director
Liam Guilfoyle, Executive Director
Christopher Webb, Executive Director
Colin Peters, Non-Executive Director

2.1.2 The structure of the Audit, Risk and Compliance Committee (ARC)

As at 28 February 2021, the composition of the ARC is shown below:

Colin Tattersall, Non- Executive Director (Chairman and Internal Audit Key Function Holder)
Liam Guilfoyle, Executive Director (Risk Key Function Holder)
Colin Peters, Non-Executive Director (Compliance Key Function Holder)
Morgan Peters, Committee Member

2.1.3 The structure of the Claims and Underwriting Committee (CUW)

As at 28 February 2021, the composition of the CUW is shown below:

Philip Cunningham, Managing Director (Chairman)
Liam Guilfoyle, Executive Director
Christopher Webb, Executive Director (Actuarial Key Function Holder)
Marcus Hayday, Committee Member
Paul Cole, Committee Member
Carl Cripps, Committee Member

Members of the Board and sub-committees adhere to agreed terms of reference and attend regular meetings. The Board and Committee Members review agendas, papers, and related materials, sufficiently in advance of these meetings to enable them to participate in an effective manner. At least four Board, ARC and CUW meetings are held throughout the calendar year, with the members in regular contact throughout the day to day management of the Company.

2.2 Fit & Proper Requirements

The Company has a fit and proper policy in place in accordance with the requirements of the regulators guidance note 14. The policy focuses on honesty, integrity, reputation, competence, capability and financial soundness of key individuals.

Persons who effectively run the Company or are key function holders, including members of the Board and sub-committees, should be 'fit and proper'. The Company takes account of the respective duties allocated to individual persons in order to ensure appropriate diversity of qualifications, knowledge and relevant experience so that the Company is managed and overseen in a professional manner.

The Company ensures that the members of the Board and sub-committees collectively possess qualifications, experience and knowledge about at least: insurance and financial markets; business strategy and business model; system of governance; financial and actuarial analysis; and regulatory framework and requirements. When assessing whether a person is 'proper', an assessment of that person's honesty and financial soundness based on relevant evidence regarding their character, personal behaviour and business conduct is performed.

2.3 Risk Management System and ORSA

The Company has developed and implemented a risk and compliance policy, which adheres to the expected requirements of Solvency II. This policy intends to identify and manage all material risks, allowing management to minimise any significant risks to the business. The Board of Carraig, through its ARC Committee, retains full responsibility for the risk management function.

The Company's risk management and compliance objectives are as follows:

- To effectively monitor, register and review the Company's risk on an annual basis.
- To advise the Board on a quarterly basis, or as significant incidents occur, on the status of the Company's risks and the potential exposures.
- To evaluate the Company's risk appetite and overall risk tolerance limits and continuously review its risk strategies.
- To prepare, in accordance with Article 45 of the Solvency II directive, the Company's own risk & solvency assessment (ORSA) on an annual basis.
- To prepare and ensure the Board take an active role in the Company's ORSA as required by Solvency II, and establish a policy to ensure the continuous assessment of the Company's ORSA.
- To effectively monitor compliance with the Gibraltar FSC and comply with local legislation.
- To review practice notes and newsletters issued by the FSC, with regard to Solvency II developments.
- To report to the Board and make recommendations on the required steps to be taken on matters which require action or improvement and promote a risk awareness culture within the Company.

The methodology for achieving the policy objectives are as follows:

- **Risk strategy -** The Board is required to develop and continue to enhance its risk management process. The ARC Committee reviews the Company's strategic objectives and establishes the Company's risk appetite and risk tolerance in accordance with the Company's operational, medium term and strategic goals and ensures that risk mitigation techniques are put into place.

- **Risk Appetite** - The Company conducts stress and scenario testing and reviews its outcomes. This provides guidance to the Board in order to understand the potential resultant impacts on the Company's capital adequacy.

- **Risk Profile** - The Board, through the ARC Committee, on an ongoing basis considers the Company's risk profile. This is an ongoing process involving the identification, evaluation and quantification of the Company's material risks, both current and future.

The Company's Risk Register is discussed and considered for potential risks to the business. Risks are identified and assessed with its inherent and residual results.

Risk management is the responsibility of the ARC Committee and the Company's key outsourced service providers. The ORSA is an integral exercise performed annually which assists the Board with its effective business planning. The ORSA is carried out with input from various management members across the business, allowing for past performance and business planning over a three-year horizon to be considered. All material risks faced by the Company are assessed and possible mitigating actions are considered. The Board is therefore able to assess the level of capital required and make informative business decisions with risk awareness.

2.4 Actuarial Function

The Actuarial Function is overseen by the Actuarial Function holder and ultimately the Board, with the activity being outsourced to an independent firm of qualified external actuaries in accordance with its signed terms of engagement. The Company's actuaries provide expertise and act as a service provider in relation to all activities falling within the remit of the Actuarial Function. The Actuarial Function is a critical operational function within Article 49 of the Solvency II directive.

The Company's actuaries, with oversight from the Function holder and ultimately the Board, are responsible for all the duties of the Actuarial Function as follows:

- Co-ordination and calculation of technical provisions
- Ensuring the appropriateness of methodologies and underlying models used
- Reviewing of best estimates against actual performance
- The calculation of technical provisions is currently being prepared on a bi-annual basis
- Contributing to the overall risk management system, with respect to risk modelling and calculation of capital requirements and ORSA reporting
- Performing calculations for SCR & MCR
- Carrying out investigations in relation to claims experience
- Issuing opinions on underwriting policies and reinsurance arrangements
- Preparation of Pillar III reports

The Company's actuaries provide guidance and expertise and further assistance to enhance its risk management framework. The service focuses on all critical steps of the framework.

As part of the ORSA, the actuarial function contributes to the assessment of compliance with the requirements focusing on technical provisions and analysing deviations of the Company's risk profile from the assumptions underlying the calculation of the SCR with the Standard Formula.

2.5 Internal Audit Function

The Internal Audit Function is overseen by the Function holder, the ARC Committee, and ultimately the Board. The appointed Function holder, provides the required independency and objectivity to the Function. Proportionality has been taken into account when implementing the Company's overall audit policy. The following Internal Audit objectives were established by the Board:

- To ensure an independent and impartial Internal Audit Function.
- To effectively monitor the internal controls commensurate to the risks imposed to the Company and ensuring all personnel are aware of their role in the internal control system.
- Keep under review the effectiveness of the Company's internal controls and risk management systems and review and approve the statement to be included in the RSR and SFCR on these matters
- Establish, implement and maintain an audit plan setting out the audit work to be undertaken in the following year, considering all activities and the complete system of governance of the Company.
- Ensure a risk based approach when deciding internal audit priorities, with feedback and consultation from the risk and compliance committee.
- Issue and submit an Internal Audit report to the Board, at least on an annual basis, based on the results of the work carried out in accordance with the findings and recommendations of the key areas of the business reviewed.

PKF are the appointed Internal Auditor and an annual plan has been put in place to ensure that all areas of relevant risk are reviewed by the Internal Audit Function.

2.6 Outsourcing

Although the Company outsources various key activities of the business, all major decisions and ultimate responsibility is still retained by the Board, with a member of the Board overseeing the activities performed at each of these service providers.

The criteria and due diligence for outsourcing activities to service providers have been strict and contractual agreements have been put into place.

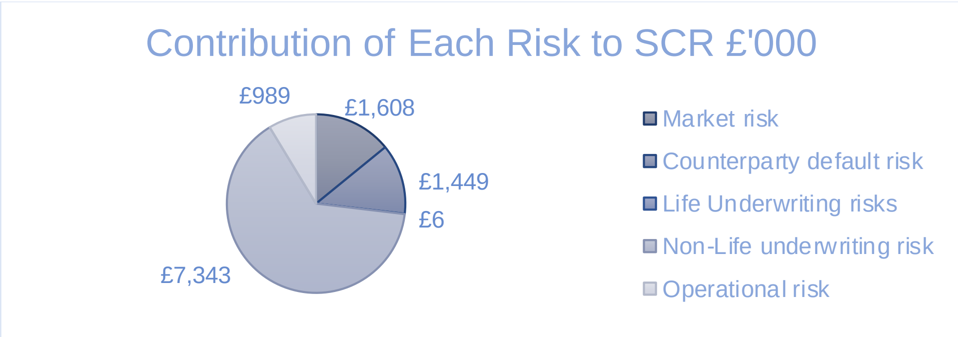
2.7 Any other information

Due to the nature, size and complexity of the firm, the Board have had to consider and apply proportional measures when implementing Solvency II and ensuring continuous compliance with all the aspects of Pillar II for corporate governance. The Board feel that the Company developed and embedded the Solvency II culture within all areas of the business and that the Company's shareholders and policyholders are sufficiently protected against risk.

3 Risk Profile

The Company believes that a robust and effective risk management framework is crucial to maintaining successful business operations and delivering sustainable, long-term profitability. Quantifiable risks are assessed through the 99.5% Value at risk, as measured with the Solvency II standard formula (SCR). The Company aims to hold sufficient capital at all times to protect itself from losses occurring due to such risks. Non-quantifiable risks are measured through qualitative analyses and a frequency/severity approach.

In addition to capital, the Company manages all risks through its processes and procedures and its internal control framework and by monitoring exposures and benchmarking those against its risk appetite.



The Company's risk profile is mainly driven by its underwriting activities. Non-life Underwriting risk forms around 64% of the total risk portfolio of the Company. The second largest exposure (14% of undiversified SCR) arises from Market risk and the third (13% of undiversified SCR) from Counterparty risk.

The risk profile of the Company as at 28 February 2021 was in line with its risk strategy.

3.1 Underwriting Risk

3.1.1 Overview of any material risk

Underwriting risk is defined as the risk of loss, or adverse change in the value of insurance liabilities, due to inadequate pricing and/or reserving practices. Underwriting risk may be caused by the fluctuations in timing, frequency and severity of insured events and claim settlements in comparison to the expectations at the time of underwriting.

The Company controls and monitors its underwriting risk by ensuring that:

- reasonable and effective controls are in place to support the risk selection and underwriting process;
- the Company's reinsurance programme provides secure coverage, appropriate to the Company's strategy, level of capital and risk profile;
- the risks arising out of reinsurance as a risk mitigation technique are properly understood, addressed and monitored;
- claims are managed fairly and recorded properly in line with reinsurance agreements and all amounts recoverable from reinsurers are duly collected;
- a consistent methodology for the calculation of, and the accounting for, outstanding loss reserves (OSLR) and incurred but not reported reserves (IBNR) is maintained.

3.1.2 Risk Assessment/Measurement

The Company measures its Underwriting risk primarily using the standard formula, the adequacy of which was assessed during the latest ORSA. The measurement addresses four sources of risk; Premium and Reserve Risk, Lapse Risk and Catastrophe risk. These exposures are assessed by calculating the impact on the Own Funds when allowing in the projections for a number of risk events.

The results of the Non-life Underwriting risk assessment as described above are summarised below:

Risk - 99.5% value at risk £'000	Feb-2021	Feb-2020
Premium and reserve risk	7,151	6,838
Lapse risk	989	720
Non-life CAT risk	447	112
Diversification effects	-1,245	(766)
Non-Life underwriting risk	**7,343**	**6,904**

The Company is also exposed to Life-Underwriting risk due to the longevity risk attached to its claims that have been settled as Periodical Payments Orders ("PPOs"). A significant part of this risk is mitigated through its reinsurance arrangements; hence the residual risk is low, amounting to £6k (as at 28 February 2021).

3.1.3 Risk Concentration

No material risk concentrations have been identified. This is because of:

- The Company's geographically diversified insurance portfolio.
- Reinsurance, as the Company manages its exposure to any one risk and to catastrophic events using reinsurance. Thus, the loss to the Company is generally limited to its retention.

No future risk concentrations are anticipated over the business planning period.

3.1.4 Risk Mitigation

Reinsurance

The Company uses reinsurance to protect against claims volatility. Proportional and non-proportional reinsurance arrangements are in place. The Actuarial Function also issues an opinion on the adequacy of reinsurance arrangements annually. The credit rating and the financial condition of the key reinsurance counterparties are reviewed, so that corrective action is taken in the event of deterioration in their financial quality.

The effectiveness of the current reinsurance structure as well as that of potential reinsurance agreements considered are also assessed in the ORSA with respect to their impact on profitability and solvency coverage ratio over the business planning horizon.

Use of reinsurance protection, enables the Company to manage and optimise its underwriting portfolio, whilst protecting its balance sheet and maintaining its exposure to the risk limits set by the Board of Directors. The steps taken to ensure that both the reinsurance structure and the reinsurance counterparties are appropriate, have enabled the Company to remain profitable with little volatility in its financial results.

Portfolio Monitoring

The senior management team of the Company receives and reviews:

- Regular reports on the gross written premium, risks written, claims and reserves; and
- Regular detailed profitability analyses and reviews

The senior management team of the Company undertakes the reviews above to ensure that the Company is protected against the risk of inadequate pricing. The frequency of the reviews will enable the management to take quick action to resolve any issues identified.

The continued effectiveness of the risk mitigation techniques and controls described above is monitored continuously by the Senior Management. In the event of any findings or shortcomings identified, quick action is taken and the risk mitigation techniques are adjusted accordingly.

The Company will continue to use the risk mitigation techniques mentioned above, continuously aiming at enhancing them to reduce risk. The Company does not plan to enter or purchase any additional risk mitigation products over the planning period.

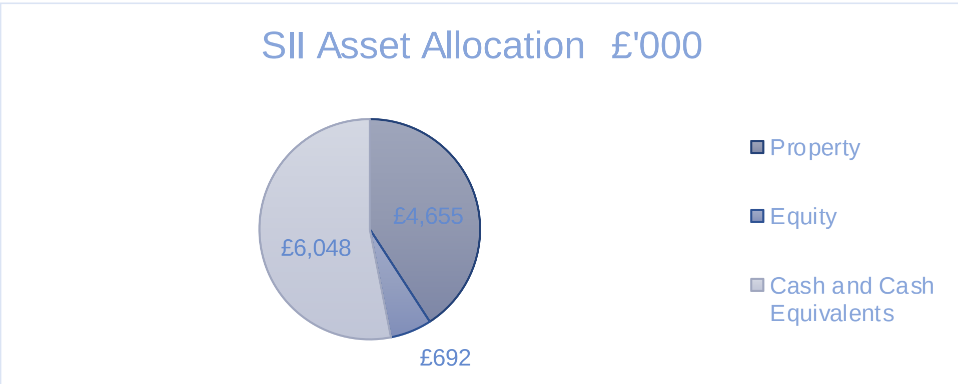
3.1.5 Risk Sensitivity

As part of the business and capital planning processes, the risk management function carries out stress tests, including the assessment of alternative scenarios to feed into the ORSA. This ensures that potential adverse scenarios are considered and negative outcomes can be adequately mitigated through controls implemented, through timely remedial actions or through the commitment of additional capital.

The Company assesses the results of the stress scenarios and ensures that its risk exposures are in line with its strategy and that adequate process and controls are in place to ensure that such risk exposures are identified, measured, mitigated where necessary and reported.

3.2 Market risk

The Company is exposed to Market (Investment) risk through its asset portfolio and from the level or volatility of market prices of financial instruments which have an impact upon the value of the assets of the Company.



As at 28 February 2021, Company's investment assets include property, equity, cash and current accounts. Current accounts are subject to credit and liquidity risk which are dealt with in the respective sections below. Market risk arises in the following forms, both on the asset and on the liability side, as the value of technical provisions depends on market conditions:

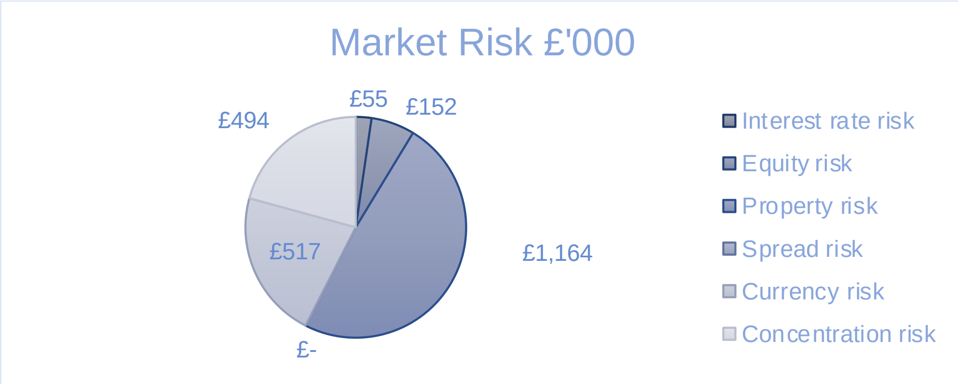
- **Interest rate risk**: the sensitivity of the value of assets, liabilities and financial instruments to changes in the term structure of interest rates, or in the volatility of interest rates
- **Equity risk:** the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of equities
- **Property risk:** the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of real estate

3.2.1 Risk Assessment/Measurement

The Company measures its market risk using the Standard Formula, the adequacy of which was assessed during the latest ORSA. The measurement is done separately for the sub-categories mentioned above. The aggregate market risk measure allows for diversification between its components.

The Company also adopts other risk assessment tools such as stress and scenario testing (both on the current position and over the business planning horizon), maintenance of a Risk Register, comparison of actual exposure and risk tolerance limits and use of Key Risk Indicators.

With the support of the RMF, the Company assesses the impact of any material investment decisions on its solvency coverage ratio.



The primary sources of market risk are property, currency and concentration risks, arising from exposures to investments in real estate, cash deposits and equities.

Interest Rate Risk

The total assets and liabilities that are sensitive to changes in the interest rates are as follows:

	£'000
Assets	0
Liabilities	**18,790**

As at 28 February 2021 the 99.5% value at risk for interest rate risk was £55k. Due to the relatively short-term nature of assets and liabilities of the Company the interest rate risk is not considered to be material risk.

Equity Risk

The total Equity portfolio of the Company as at 28 February 2021 was £692k and the total SCR for Equity risk on the same date was £152k.

Property Risk

The Company has a significant portion of its asset portfolio invested in property. The composition of the property portfolio is as follows:

The total property portfolio of the Company as at 28 February 2021 was £4.66m and the total SCR for property risk on the same date was £1.16m.

Currency Risk

The total Net exposure of the Company to foreign currency as at 28 February 2021 was £2.07m and the total SCR for currency risk on the same date was £517k.

Risk Concentration

One of the main market risk sub-modules of the Company is Concentration Risk. The Company's portfolio is concentrated to property investment which yields to a concentration risk of £494k.

3.2.2 Risk Mitigation

Market risk is mitigated through the continued review and monitoring of the Company's investment exposures.

The Company does not plan to enter or purchase any additional market risk mitigation products over the planning period.

3.2.3 Prudent Person Principle

The Solvency II regulations require investment of assets in accordance to the "Prudent Person Principle".

The Company regularly reviews the financial condition of its investment counterparties and ensures that the currency, nature and duration of assets is appropriate to the characteristics of its liabilities, avoiding excessive reliance on any one counterparty, asset class or geographical location. The Company has not invested in derivatives or other inadmissible financial instruments.

3.2.4 Risk Sensitivity

Stress tests and scenario analyses

As part of the business and capital planning processes, the risk management function carries out stress tests including the assessment of alternative scenarios to feed into the ORSA. This ensures that potential adverse scenarios are considered and negative outcomes can be adequately mitigated through controls implemented, through timely remedial actions or through the commitment of additional capital.

The Company assesses the results of the stress scenarios and ensures that its risk exposures are in line with its strategy and that adequate process and controls are in place to ensure that such risk exposures are identified, measured, mitigated where necessary and reported.

3.3 Credit risk

Credit risk refers to the risk of loss or of adverse change in the financial situation, resulting from fluctuations in the credit standing of counterparties. The Company is exposed to credit risk rising from the following exposures:

- Cash at bank
- Reinsurance recoverables
- Premium receivables

3.3.1 Risk Assessment/Measurement

The Company measures its credit risk using the standard formula, the adequacy of which was assessed during the latest ORSA. With respect to exposures to banks, bond issuers, loan holders and reinsurers the assessment depends highly on the credit rating of the counterparties which defines the probability of default. On the other hand, for premium receivables, the assessment is based on how long overdue these are and the probability of default is determined based on that.

Credit risk forms 13% of the total undiversified SCR.

Credit risk is not expected to change materially over the business planning horizon.

3.3.2 Risk Concentration

The Company is not anticipating that the credit risk will change materially over the planning period.

3.3.3 Risk Mitigation

The credit rating and the financial condition of all key counterparties are reviewed at least quarterly and management is ready to take action in the event of deterioration in the credit quality.

The Company does not plan to enter or purchase any additional credit risk mitigation products over the planning period.

3.3.4 Risk Sensitivity

As part of the business and capital planning processes, the Risk Management Function carries out stress tests including the assessment of alternative scenarios to feed into the ORSA. This ensures that potential adverse scenarios are considered and negative outcomes can be adequately mitigated through controls implemented, through timely remedial actions or through the commitment of additional capital.

The Company assesses the results of the stress scenarios and ensures that its risk exposures are in line with its strategy and that adequate process and controls are in place to ensure that such risk exposures are identified, measured, mitigated where necessary and reported.

3.4 Liquidity risk

Liquidity risk is defined as the risk that the Company is unable to realise investments and other assets (or realise them at excessive cost) to settle its financial obligations when they fall due.

The liquidity risk of the Company is generally low as:

- A significant proportion of the assets are invested in short-terms products including cash. However the Company also holds some unlisted equities which does increase slightly the liquidity risk.
- Nonetheless, most of the assets held are highly tradeable which enables fast and low-cost liquidation of assets.

The composition of the asset portfolio is expected to change over the business planning horizon, by replacing a proportion of property investments with current accounts. This would further reduce liquidity risk.

3.4.1 Risk Assessment/Measurement

The Company's liquidity requirements are assessed regularly to meet the Company's stated liquidity objectives.

3.4.2 Risk Concentration

Sources of cash in and cash out flows such as insurance premiums, claims expenses etc., are diversified and to a large extent independent. This risk concentration within liquidity risk is limited.

The Company does not anticipate deterioration in its liquidity position or risk during the business planning period.

3.4.3 Risk Mitigation

The Company also minimises liquidity risk by:

- ensuring that the Accounting function designs and implements proper controls, documented in the procedure manual, to ensure that inflows are actively managed, monitored and followed up;
- ensuring that income generated from the investment portfolio is duly received by the Company;

- catering for unexpected cash flows, since the quota for highly liquid assets provides a good buffer over and above the maximum historic cash outflows;
- considering the effect of any proposed new business on liquidity and liquidity risk at Board level;
- closely monitoring the timing of claims payments and reinsurance recoveries.

The Company does not deem necessary the adoption of any risk mitigation techniques given the low level of its liquidity risk.

3.4.4 Expected profit included in future premiums

As at valuation date, there are no future premiums cash-flows within the contract boundaries of unexpired policies and therefor there is no expected profit included for future premiums.

The contract boundaries are defined as:

- the future date where the insurance or reinsurance undertaking has a unilateral right to terminate the contract; or
- the future date where the insurance or reinsurance undertaking has a unilateral right to reject premiums payable under the contract; or
- the future date where the insurance or reinsurance undertaking has a unilateral right to amend the premiums or the benefits payable under the contract in such a way that the premiums fully reflect the risks.

3.5 Operational risk

Operational risk refers to the risk of loss arising from inadequate or failed internal processes, people, systems, or from external events. This risk encompasses all exposures faced by the Company's functions while conducting the Company's business, including but not limited to, accounting and financial reporting, business continuity, claims management, information technology and data processing, legal and regulatory compliance, outsourcing and reinsurance. The Company has the exposure to the following types of operational risk:

Business Disruption & Systems Failure	**Interruption of business activity due to system or communication failures**
Financial Integrity & Reporting	Disclosure of materially incorrect or untimely information
External Fraud	Acts intended to defraud, misappropriate property or circumvent the law by an external party
Internal Fraud	Acts intended to defraud, misappropriate property or circumvent the law by an internal party
Process Risks	Failure to execute or process transactions timely and accurately w ith clients and other counterparties
Clients, Products and Business Practices	Lack of productivity and poor customer service

3.5.1 Risk Assessment/Measurement

The Company commits capital as a buffer to absorb losses due to operational risks as measured through the standard formula.

3.5.2 Risk Concentration

Currently there are no material operational risk concentrations.

The operational risk profile of the Company is not expected to change over the business planning period.

3.5.3 Risk Mitigation

The Company addresses its operational risk through the following:

- an internal control system is in place
- a business continuity plan is in place to ensure continuity and regularity in the performance of activities
- Internal Audits
- Legal advice would be sought at the earliest opportunity from specialised lawyers
- Peer review of material work and appropriate underwriting, claims and other authority limits in place
- Insurance against property damage that could cause business disruption

The Company will continue to use the risk mitigation techniques mentioned above, continuously aiming at enhancing them to reduce risk. The Company does not plan to enter or purchase any additional operational risk mitigation products over the planning period.

3.5.4 Risk Sensitivity

Due to the complexity of the Operational risk, no explicit sensitivities have been performed for the risk. The Company's capital provides an adequate buffer to absorb losses due to operational risks higher than those assumed by standard formula.

3.6 Risk Assessment/Measurement

The Company commits capital as a buffer to absorb losses due to operational risks as measured through the Standard Formula.

3.7 Risk Concentration

Currently there are no material operational risk concentrations.

The operational risk profile of the Company is not expected to change over the business planning period.

3.8 Risk Mitigation

The Company addresses its operational risk through the following:

- an internal control system is in place
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- Internal Audits
- Legal advice would be sought at the earliest opportunity from specialised lawyers
- Peer review of material work and appropriate underwriting, claims and other authority limits in place
- Insurance against property damage that could cause business disruption

The Company will continue to use the risk mitigation techniques mentioned above, continuously aiming at enhancing them to reduce risk. The Company does not plan to enter or purchase any additional operational risk mitigation products over the planning period.

3.9 Risk Sensitivity

Due to the complexity of the Operational risk, no explicit sensitivities have been performed for the risk. The Company's capital provides an adequate buffer to absorb losses due to operational risks higher than those assumed by standard formula.

4 Valuation for solvency purposes

4.1 Assets

All assets and liabilities, listed in the Table below are valued in accordance with the Solvency II Framework. Assets and liabilities are valued on the assumption that the Company will pursue the business as a going concern. No changes in the valuations methods occurred during the year under review.

The Company does not have any off-balance sheet assets or liabilities.

£'000	Solvency II	Valuation
Deferred technical costs	-	4,294
Property (other than own use)	4,655	4,655
Participations	692	502
Equities	-	-
Reinsurance recoverable	14,935	19,103
Deposits to cedants	17,371	17,371
Insurance & intermediaries' receivables	4,510	4,510
Reinsurance receivables	1,011	1,011
Cash and cash equivalents	6,048	6,048
Any other assets, not elsewhere shown	799	799
Total Assets	**50,022**	**58,294**

Reinsurance Assets - The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurers' share of technical provisions or receivables from reinsurers (unless netted off against amounts payable to reinsurers). These assets consist of short term balances due from reinsurers (classified within receivables), as well as recoverables (classified as reinsurers' share of technical provisions) that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts.

Properties - The Company holds investment property in the UK currently valued at £4.655m.

4.1.1 Differences between GAAP and Solvency II valuation

Differences exist for Reinsurance Recoverables, Deferred Acquisition Cost and Participation investments described in detail below:

Reinsurance recoverables - Reinsurance Recoverables represent the difference between Gross and Net provisions. On a solvency II valuation these are valued on a best estimate basis. Reduction of the reinsurance recoverables to allow for expected losses due to the default of counterparty is also applied.

Deferred Acquisition Cost (DAC) - There is no concept of Deferred Acquisition Costs in Solvency II. The premium provision only allows for future expense cash flows in relation to policies already in-force. Initial expenses such as up-front commissions will have occurred in the past and so not been allowed in the premium provision.

Participation - The Company invested in a subsidiary, the valuation of this asset under GAAP is the value of shares held at nominal value whereas the Solvency II presented is its net asset position.

4.2 Technical provisions

The Technical provisions are defined as the probability-weighted average of future cashflows, discounted to consider the time value of money considering all possible future scenarios. Technical provisions are grouped into the following key components:

- Claims Provisions: Best Estimate of provisions relating to the earned exposure
- Premium Provisions: Best Estimate of provisions that relate to the unearned exposure
- Risk Margin: Additional provision to bring the best estimate to the level required to transfer the insurance obligations to a third party

£'000	**Claims Provision**		**Premium Provision**		**Risk Margin**
Line Of Business	Gross BE	RI Recoverable	Gross BE	RI Recoverable	
Motor TPL	22,860	10,569	7,847	2,658	1,009
Other motor	768	355	1,358	460	34
Annuities streaming from non-life obligations	900	893			1
Total	**24,528**	**11,817**	**9,205**	**3,118**	**1,044**

4.2.1 Claims Provision

The provision for claims outstanding relates to claim events that have already occurred, regardless of whether the claims arising from those events have been reported or not. The components of the claims provision under GAAP are the Case by Case Estimates (OSLR), the Incurred But Not Reported (IBNR) and the Incurred But Not Enough Reported (IBNER). Under Solvency II, the reserves are discounted to allow for the time value of money.

Several methods have been applied to calculate this reserve namely the Chain Ladder on Paid and Incurred claims, the Loss Ratio method and the Bornhuetter Ferguson method. The methods applied, capture both the IBNR and IBNER reserves.

When triangulation methods are used, there are many issues to consider that may invalidate the underlying assumption that the future claims development is likely to be in line with the past claims development (i.e. Distortions caused by "Large Losses", Changes in claims handling procedures, Changes in Claims reporting processes, One-off Claims Reviews, Changes in Reserving Policy, Changes in Legislation etc.)

Therefore, actuarial judgment was used during the reserving process rather than the mechanical application of a triangulation method to the data. Considerable care should be taken in applying the method that prevents unusual and one-off aspects in the data which have a significant impact on the results.

In general, the development factors were chosen based on the average and weighted average of the development factors of the 10 previous accident years but also considering any trends of either deterioration or improvement during the last 3-4 accident years.

4.2.2 Premium Provision

The calculation of the best estimate of the premium provision relates to all future cashflows arising from future events, in relation to unexpired policies. Such cash flows relate mostly to future claims, administration expenses and reinsurance.

Premium provision is determined on a prospective basis considering the expected cash inflows, cash outflows and time value of money. The main expected cash flows were estimated by applying an appropriate prospective combined ratio to the Unearned Premium Reserve.

On the basis of the data analysis, this methodology and its underlying model and assumptions are deemed to be realistic for each line of business. The conditions rendering this method valid are met, namely:

- it can be expected that the combined ratio, explained below, remains stable over the run-off period of the premium provision;
- a reliable estimate of the combined ratio can be made;
- the unearned premium is an adequate exposure measure for estimating future claims and expenses during the unexpired risk period.

The Combined Ratio is defined as the sum of the expense ratio, the claims ratio and the reinsurance cost ratio. This enables the claims forecast and the expense forecast to be modelled separately. For this valuation, we assumed that “Expenses”, under the Premium Provision, include all expense items, except acquisition costs.

The difference between the Premium Provision and the current UPR represents profits (losses if negative) that are expected to emerge during the remaining duration of unexpired policies.

4.2.3 Risk Margin

The Risk Margin is equivalent to the amount that would be paid to another insurance company to take over the Company’s insurance obligations. The Risk Margin is calculated by determining the cost of providing an amount of eligible Own Funds equal to the SCR necessary to support the Company’s reinsurance obligations over the lifetime thereof. This rate, called the Cost-of-Capital, is prescribed by EIOPA and currently stands at 6%.

4.2.4 Discounting

The payment pattern of the reserves has been derived using the historical payment pattern, as observed in the Paid Claims triangles. The GBP risk free curve (with no volatility adjustment) as at the valuation date, published by EIOPA, has been used for discounting. As expected, the impact of discounting was very small due to the short-term nature of the business and the prevailing low interest rates.

4.2.5 Level of Uncertainty

Ultimate claims, when fully settled, will turn out to be different from the results shown in this report. This uncertainty results from many sources and is normal for any actuarial investigation. Some of the sources contributing to uncertainty include:

- The inherent uncertainty in the process of statistical estimation
- The extent to which past development patterns are an indication of likely future development patterns
- Uncertainty in the level of future claims inflation, particularly bodily injury claims
- Uncertainty about claim propensity and severity given the change in the mix of business experienced recently

To calculate the statistical uncertainty, we used the Mack method, which is a generally accepted actuarial method.

In addition to the above, many methods have been used to calculate the Motor reserve (i.e. Chain Ladder on Paid and Incurred Claims, the Expected Loss Ratio method, the Bornhuetter Ferguson method and the Average Cost per Claim).

4.2.6 Differences between Solvency II Valuation and GAAP Valuation

SOLVENCY II £'000	CLAIMS PROVISION	PREMIUM PROVISION	RISK MARGIN
Gross	24,528	9,205	1,044
RI Recoverable	11,817	3,118	-
Net	**12,711**	**6,086**	**1,044**

GAAP £'000	CASE ESTIMATES & IBNR	UPR
Gross	25,644	16,171
RI	12,230	6,873
Net	13,414	9,298

The main valuation principles of Solvency II leading to differences from reserves shown in the Financial Statements are:

- Removal of any implicit or explicit margin for prudence.
- Allowance for time value of money through the discounting of future cash flows.
- Consideration of ENIDs (Events Not In Data) such as Binary and Extreme events.
- In the calculation of the Premium Provision under Solvency II, an insurer may take credit for profits embedded in unexpired policies. Under GAAP this is disallowed and any profits embedded in the UPR may not be recognised until the expiry of these contracts.
- There is no concept of risk margin under the current GAAP valuation.
- In addition to differences streaming from requirements to value in line with gross liabilities, there are also differences in requirements specific to the valuation of reinsurance. These include the requirement to allow for expected non-payment due to default or dispute.

4.2.7 Additional Disclosures

As at 28 February 2021, there was no material change in the methodology used when compared to 29 February 2020.

4.3 Valuation of other liabilities

4.3.1 Value of other liabilities

	SOLVENCY II	GAAP
Provisions other than technical provisions	-12	-12
Deferred tax liabilities	-	-
Reinsurance payables	2,513	2,513
Payables (trade, not insurance)	166	166

4.4 Any other information

There is no other material information regarding the valuation of assets and liabilities for solvency purposes.

5 Capital Management

5.1 Own Funds

5.1.1 Objectives, policies and processes employed for managing its Own Funds

The objective of capital management is to maintain, at all times, sufficient Own Funds to cover the SCR and MCR with an appropriate buffer. These should be of sufficient quality to meet the eligibility requirements in Article 82 of the Delegated Regulation. The Company holds regular Board meetings, at least quarterly, in which the ratio of eligible Own Funds over SCR and MCR are reviewed. As part of Own Funds management, the Company prepares annual solvency projections and reviews the structure of Own Funds and future requirements. The business plan, which forms the base of the ORSA, contains a three-year projection of funding requirements and helps focus actions for future funding.

The timing of production of the Company's ORSA has now been aligned with the Company's business planning processes.

5.1.2 Information on the structure, amount and quality of Own Funds at the end of the reporting period and at the end of the previous reporting period

The following table shows the structure of Own Funds as at 28 February 2021 as well as at 29 February 2020.

Own Funds £'000	**Feb-2021**	**Feb-2020**
Ordinary share capital	14	14
Preference share capital	689	689
Reconciliation reserve	11,876	9,714
Total Basic Own Funds	**12,579**	**10,417**

5.1.3 Eligible amount of Own Funds to cover SCR & MCR

The composition of Own Funds as at 28 February 2021 and the classification into tiers is shown below:

Eligible Own Funds £'000	**Total**	**Tier 1**	**Tier 2**	**Tier 3**
Ordinary share capital	14	14	-	-
Preference share capital	689	689	-	-
Reconciliation reserve	11,876	11,876	-	-
Total Basic Own Funds	**12,579**	**12,579**	**-**	**-**

All the above Own Funds items are eligible to cover the SCR and MCR.

5.1.4 Material terms and conditions of the main items of Own Funds held by the undertaking

As shown above, Own Funds are mainly composed of ordinary share capital, preference share capital and retained profits and this is not expected to change over the business planning horizon. Consequently, these Own Funds items have no maturity or call dates and therefore their duration expands beyond the duration of liabilities.

5.1.5 GAAP Equity vs Own Funds

The following summary table shows the comparisons and movement in the GAAP and Solvency II valuation of assets, liabilities and Own Funds.

	GAAP £'000	Solvency II £'000	Movement £'000
Total Assets	**58,294**	**50,022**	**-8,272**
Total Liabilities	**44,482**	**37,444**	**-7,038**
Total Own Funds	**13,812**	**12,579**	**-1,234**

The movement in the valuation of assets and liabilities arises from the differences in the valuation of GAAP and Solvency II standards, below:

- Deferred Acquisition Cost (DAC) is not included under Solvency II
- Differences in gross technical provisions and reinsurance recoverables (as explained in the previous section)
- Valuation of participation investments

5.1.6 The expected developments of the undertaking's Own Funds over its business planning period

The development of Own Funds over the Company's business planning period based on the most recent ORSA projections are summarised in the table below.

Eligible Own Funds to meet SCR £'000	2022	2023	2024
Total Own Funds	14,517	15,677	17,195

5.1.7 Whether there is any intention to repay or redeem any Own Fund item

There is no intention to repay or redeem any Own Fund item.

5.1.8 Plans to raise additional Own Funds

There are no plans to raise additional Own Funds.

5.2 Solvency Capital Requirement and Minimum Capital Requirement

5.2.1 Amounts of SCR and MCR

As at 28 February 2021 the SCR of the Company was calculated at £8,809k and the MCR at £3,346k.

5.2.2 Breakdown of SCR by risk modules

The following table shows the SCR split by risk modules:

Solvency Capital Requirement £'000	Feb-2021	Feb-2020
Market risk	1,608	1,466
Counterparty default risk	1,449	1,190
Non-Life underwriting risk	7,343	6,904
Life underwriting risk	6	2
Sum of risk components	**10,405**	**9,562**
Diversification effects	**(1,669)**	**(1,476)**
Diversified risk	**8,736**	**8,086**
Intangible asset risk	-	-
Basic SCR	8,736	8,086
Operational risk	989	950
Adjustments	(915)	(852)
SCR	8,809	**8,185**

5.2.3 Simplifications

No simplifications have been used for any of the modules or sub-modules of the SCR.

5.2.4 Undertaking-specific parameters

The Company has not used undertaking-specific parameters for any of the parameters of the standard formula.

5.2.5 Information on the inputs used to calculate the MCR

The inputs used in the calculation of the MCR are presented in the table below:

Minimum Capital Requirement £'000s	Feb-2021	Feb-2020
Linear MCR	3,327	2,351
SCR	8,809	8,185
MCR cap	3,964	3,683
MCR floor	2,202	2,046
Combined MCR	3,327	2,351
Absolute floor of the MCR	3,346	3,181
MCR	**3,346**	**3,181**

5.2.6 The expected development of the undertaking's SCR and MCR over the business planning period

The table below shows the forward-looking figures for the SCR over the business planning horizon

Solvency Capital Requirement £'000	Feb-22	Feb-23	Feb-24
SCR	9,894	10,052	11,097
Eligible Own Funds	14,517	15,677	17,195
Solvency Ratio	147%	156%	155%

The figures above demonstrate that over the business planning horizon, the Company expects to further strengthen its current levels of capital adequacy.

Finally, the MCR is expected to remain at the same levels over the business planning horizon.

5.3 Non-compliance with the MCR and non-compliance with the SCR

5.3.1 Non-compliance with the MCR & SCR

The Company has been continuously compliant with the both the MCR and the SCR throughout the year.

5.3.2 Any reasonably foreseeable risk of non-compliance with the MCR or SCR

Based on the projections of the solvency position performed as part of the ORSA and on the resilience the Company has shown to the stress tests performed, there is no reasonably foreseeable risk of non-compliance with the MCR or SCR.

5.3.3 Plans to ensure compliance with SCR and MCR is maintained

The Company will closely monitor actual experience compared to what was assumed in the ORSA projections. Should any material deviation occur, an investigation will take place to identify the underlying source and take corrective actions.

Moreover, ORSA projections will continue to be performed every year to ensure each and every year that the business strategy of the Company will be in line with its target solvency ratio.

Despite being sufficiently capitalised (based on the above projections), a medium-term capital management plan has been developed which includes realistic plans as to how to raise additional capital when required.

Appendices

Appendix A: Quantitative Reporting Templates

P.02.01.02 - Balance sheet

		Solvency II value
	Assets	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)	5,347
R0080	Property (other than for own use)	4,655
R0090	Holdings in related undertakings, including participations	692
R0100	Equities	0
R0110	Equities - listed	0
R0120	Equities - unlisted	0
R0130	Bonds	0
R0140	Government Bonds	0
R0150	Corporate Bonds	0
R0160	Structured notes	0
R0170	Collateralised securities	0
R0180	Collective Investments Undertakings	0
R0190	Derivatives	0
R0200	Deposits other than cash equivalents	0
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:	14,936
R0280	Non-life and health similar to non-life	14,043
R0290	Non-life excluding health	14,043
R0300	Health similar to non-life	0
R0310	Life and health similar to life, excluding health and index-linked and unit-linked	893
R0320	Health similar to life	0
R0330	Life excluding health and index-linked and unit-linked	893
R0340	Life index-linked and unit-linked	0
R0350	Deposits to cedants	17,371
R0360	Insurance and intermediaries receivables	4,511
R0370	Reinsurance receivables	1,011
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	6,048
R0420	Any other assets, not elsewhere shown	799
R0500	**Total assets**	50,023

P.02.01.02 - Balance sheet

		Solvency II value
		C0010
	Liabilities	
R0510	Technical provisions – non-life	33,876
R0520	Technical provisions – non-life (excluding health)	33,876
R0530	TP calculated as a whole	0
R0540	Best Estimate	32,833
R0550	Risk margin	1,043
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)	901
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)	901
R0660	TP calculated as a whole	0
R0670	Best Estimate	900
R0680	Risk margin	1
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	-12
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	2,513
R0840	Payables (trade, not insurance)	166
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	**Total liabilities**	37,444
R1000	**Excess of assets over liabilities**	12,579

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)		Total
		Motor vehicle liability insurance	Other motor insurance	
		C0040	C0050	C0200
	Premiums written			
R0110	Gross - Direct Business	11,588	1,731	13,319
R0120	Gross - Proportional reinsurance accepted	18,158	2,713	20,871
R0130	Gross - Non-proportional reinsurance accepted			0
R0140	Reinsurers' share	13,119	1,960	15,079
R0200	Net	16,627	2,484	19,111
	Premiums earned			
R0210	Gross - Direct Business	12,097	1,808	13,905
R0220	Gross - Proportional reinsurance accepted	13,575	2,028	15,603
R0230	Gross - Non-proportional reinsurance accepted			0
R0240	Reinsurers' share	12,987	1,941	14,928
R0300	Net	12,685	1,895	14,580
	Claims incurred			
R0310	Gross - Direct Business	5,626	841	6,467
R0320	Gross - Proportional reinsurance accepted	5,675	848	6,523
R0330	Gross - Non-proportional reinsurance accepted			0
R0340	Reinsurers' share	4,794	716	5,510
R0400	Net	6,507	973	7,480
	Changes in other technical provisions			
R0410	Gross - Direct Business	0	0	0
R0420	Gross - Proportional reinsurance accepted	0	0	0
R0430	Gross - Non- proportional reinsurance accepted			0
R0440	Reinsurers'share	0	0	0
R0500	Net	0	0	0
R0550	**Expenses incurred**	5,675	848	6,523
R1200	**Other expenses**			0
R1300	**Total expenses**			6,523

P.05.02.01 - Premiums, claims and expenses by country

		Home Country	Top 5 countries (by	Total Top 5 and home country
		C0010	C0020	C0070
R0010			GB	
		C0080	C0090	C0140
	Premiums written			
R0110	Gross - Direct Business	0	13,319	13,319
R0120	Gross - Proportional reinsurance accepted	0	20,871	20,871
R0130	Gross - Non-proportional reinsurance accepted	0	0	0
R0140	Reinsurers' share	0	15,079	15,079
R0200	Net	0	19,111	19,111
	Premiums earned			
R0210	Gross - Direct Business	0	13,905	13,905
R0220	Gross - Proportional reinsurance accepted	0	15,603	15,603
R0230	Gross - Non-proportional reinsurance accepted	0	0	0
R0240	Reinsurers' share	0	14,928	14,928
R0300	Net	0	14,580	14,580
	Claims incurred			
R0310	Gross - Direct Business	0	6,467	6,467
R0320	Gross - Proportional reinsurance accepted	0	6,523	6,523
R0330	Gross - Non-proportional reinsurance accepted	0	0	0
R0340	Reinsurers' share	0	5,510	5,510
R0400	Net	0	7,480	7,480
	Changes in other technical provisions			
R0410	Gross - Direct Business	0	0	0
R0420	Gross - Proportional reinsurance accepted	0	0	0
R0430	Gross - Non- proportional reinsurance accepted	0	0	0
R0440	Reinsurers'share	0	0	0
R0500	Net	0	0	0
R0550	**Expenses incurred**	0	6,523	6,523
R1200	**Other expenses**			0
R1300	**Total expenses**			6,523

P.05.02.01 - Premiums, claims and expenses by country

		Home Country	Top 5 countries (by	Total Top 5 and home country
		C0150	C0160	C0210
R1400			GB	
		C0220	C0230	C0280
	Premiums written			
R1410	Gross	0	0	0
R1420	Reinsurers' share	0	0	0
R1500	Net	0	0	0
	Premiums earned			
R1510	Gross	0	0	0
R1520	Reinsurers' share	0	0	0
R1600	Net	0	0	0
	Claims incurred			
R1610	Gross	0	0	0
R1620	Reinsurers' share	0	0	0
R1700	Net	0	0	0
	Changes in other technical provisions			
R1710	Gross	0	0	0
R1720	Reinsurers' share	0	0	0
R1800	Net	0	0	0
R1900	**Expenses incurred**	0	0	0
R2500	**Other expenses**			0
R2600	**Total expenses**			0

P.12.01.02 - Life and Health SLT Technical Provisions

		Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	**Total (Life other than health insurance, including Unit-Linked)**
		C0090	C0100	C0150
R0010	**Technical provisions calculated as a whole**	0	0	0
R0020	**Total Recoverables from reinsurance/SPV and Finite Re** after the adjustment for expected losses due to counterparty default associated to TP as a whole	0	0	0
	Technical provisions calculated as a sum of BE and RM			
	Best Estimate			
R0030	**Gross Best Estimate**	900	0	900
R0080	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	892	0	892
R0090	Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	8	0	8
R0100	**Risk Margin**	1	0	1
	Amount of the transitional on Technical Provisions			
R0110	Technical Provisions calculated as a whole	0	0	0
R0120	Best estimate	0	0	0
R0130	Risk margin	0	0	0
R0200	**Technical provisions - total**	901	0	901

P.17.01.02 - Non-Life Technical Provisions

		Direct business and accepted		
		Motor vehicle liability insurance	Other motor insurance	Total Non-Life obligation
		C0050	C0060	C0180
R0010	**Technical provisions calculated as a whole**	0	0	0
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	0	0	0
	Technical provisions calculated as a sum of BE and RM			
	Best estimate			
	Premium provisions			
R0060	Gross	7,847	1,358	9,205
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	2,658	460	3,118
R0150	Net Best Estimate of Premium Provisions	5,189	898	6,087
	Claims provisions			
R0160	Gross	22,860	768	23,628
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	10,569	355	10,924
R0250	Net Best Estimate of Claims Provisions	12,291	413	12,704
R0260	**Total Best estimate - gross**	30,707	2,126	32,833
R0270	**Total Best estimate - net**	17,480	1,311	18,791
R0280	**Risk margin**	1,009	34	1,043
	Amount of the transitional on Technical Provisions			
R0290	Technical Provisions calculated as a whole	0	0	0
R0300	Best estimate	0	0	0
R0310	Risk margin	0	0	0
	Technical provisions - total			
R0320	Technical provisions - total	31,716	2,160	33,876
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	13,227	815	14,042
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	18,489	1,345	19,834

P.19.01.21 - Non-life Insurance Claims Information (simplified template for the public disclosure)

Total Non-Life Business

Z0020	Accident year / Underwriting year	**Z0020**	Underwriting year [UWY]

Gross Claims Paid (non-cumulative)
(absolute amount)

		Development year												
	Year	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**	**In Current year**	**Sum of years (cumulative)**
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
R0100	**Prior**											1	1	56,388
R0160	**N-9**	668	3,126	1,751	780	768	374	180	-40	84	1		1	7,692
R0170	**N-8**	665	1,873	1,392	577	573	310	377	307	1			1	6,075
R0180	**N-7**	157	741	545	291	255	137	2	7				7	2,134
R0190	**N-6**	1,323	5,122	3,132	2,299	1,849	1,167	248					248	15,139
R0200	**N-5**	813	3,312	1,901	945	1,079	303						303	8,352
R0210	**N-4**	1,314	4,229	2,465	1,677	1,542							1,542	11,227
R0220	**N-3**	1,250	6,419	3,982	1,190								1,190	12,840
R0230	**N-2**	2,115	7,601	3,137									3,137	12,854
R0240	**N-1**	1,676	4,542										4,542	6,218
R0250	**N**	1,937											1,937	1,937
R0260												**Total**	12,909	140,856

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

		Development year											
	Year	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**	**Year end (discounted data)**
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
R0100	**Prior**											1,601	1,592
R0160	**N-9**	0	0	0	0	0	422	62	-13	0	0		0
R0170	**N-8**	0	0	0	0	1,002	1,025	716	246	126			125
R0180	**N-7**	0	0	0	1,111	537	66	63	2				2
R0190	**N-6**	0	0	12,436	8,131	4,047	1,439	314					312
R0200	**N-5**	0	10,433	6,440	4,550	2,388	930						924
R0210	**N-4**	10,102	17,212	9,939	7,322	1,830							1,819
R0220	**N-3**	11,267	15,212	6,976	2,030								2,018
R0230	**N-2**	11,076	16,733	5,762									5,728
R0240	**N-1**	9,078	6,122										6,086
R0250	**N**	5,052											5,022
R0260												**Total**	23,628

P.23.01.01 - Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated					
R0010	Ordinary share capital (gross of own shares)	14	14		0	
R0030	Share premium account related to ordinary share capital	987	987		0	
R0040	Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	689		689	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	10,889	10,889			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
	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					
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				
	Deductions					
R0230	Deductions for participations in financial and credit institutions	0	0	0	0	0
R0290	**Total basic own funds after deductions**	12,579	11,890	689	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	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	
R0320	Unpaid and uncalled preference shares callable on demand	0			0	0
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0			0	0
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0			0	
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0			0	0
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	0
R0390	Other ancillary own funds	0			0	0
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	12,579	11,890	689	0	0
R0510	Total available own funds to meet the MCR	12,579	11,890	689	0	
R0540	Total eligible own funds to meet the SCR	12,579	11,890	689	0	0
R0550	Total eligible own funds to meet the MCR	12,579	11,890	689	0	
R0580	**SCR**	8,809				
R0600	**MCR**	3,338				
R0620	**Ratio of Eligible own funds to SCR**	1.4280				
R0640	**Ratio of Eligible own funds to MCR**	3.7684				

	Reconciliation reserve	C0060
R0700	Excess of assets over liabilities	12,579
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	0
R0730	Other basic own fund items	1,690
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	10,889
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	0
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	0
R0790	**Total Expected profits included in future premiums (EPIFP)**	0

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

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	1,607		
R0020	Counterparty default risk	1,448		
R0030	Life underwriting risk	6		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	7,343		
R0060	Diversification	-1,669		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	8,735		

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	989
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	-915
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency capital requirement excluding capital add-on**	8,809
R0210	Capital add-on already set	0
R0220	**Solvency capital requirement**	8,809
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirement for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

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

		C0010
R0010	MCRNL Result	3,327

		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
R0030	Income protection insurance and proportional reinsurance	0	0
R0040	Workers' compensation insurance and proportional reinsurance	0	0
R0050	Motor vehicle liability insurance and proportional reinsurance	17,479	16,291
R0060	Other motor insurance and proportional reinsurance	1,311	2,819
R0070	Marine, aviation and transport insurance and proportional reinsurance	0	0
R0080	Fire and other damage to property insurance and proportional reinsurance	0	0
R0090	General liability insurance and proportional reinsurance	0	0
R0100	Credit and suretyship insurance and proportional reinsurance	0	0
R0110	Legal expenses insurance and proportional reinsurance	0	0
R0120	Assistance and proportional reinsurance	0	0
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	0
R0140	Non-proportional health reinsurance	0	0
R0150	Non-proportional casualty reinsurance	0	0
R0160	Non-proportional marine, aviation and transport reinsurance	0	0
R0170	Non-proportional property reinsurance	0	0

Linear formula component for life insurance and reinsurance obligations

		C0040
R0200	MCRL 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	
R0220	Obligations with profit participation - future discretionary benefits	0	
R0230	Index-linked and unit-linked insurance obligations	0	
R0240	Other life (re)insurance and health (re)insurance obligations	8	
R0250	Total capital at risk for all life (re)insurance obligations		0

Overall MCR calculation

		C0070
R0300	Linear MCR	3,327
R0310	SCR	8,809
R0320	MCR cap	3,964
R0330	MCR floor	2,202
R0340	Combined MCR	3,327
R0350	Absolute floor of the MCR	3,181

		C0070
R0400	**Minimum Capital Requirement**	3,327