FOLGATE INSURANCE

Solvency II Financial Condition Report (SFCR) – 31.12.19

Contents

Solvency Financial Condition Report

Introduction and Summary

Folgate Insurance Company Limited ("the Company") is a wholly owned subsidiary of Anglo London Limited. Anglo London Limited is an insurance group where the principal and only insurance risk carrying entity is Folgate Insurance Company Limited (FICL) an insurer regulated by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA).

This is the Solvency Financial Condition Report (SFCR) for FICL based on the financial position as at 31 December 2019. The purpose of this report is to satisfy the disclosure requirements under the Solvency II Directive.

FICL recommenced active underwriting in September 2015 as a reinsurer following a period (since 30 June 2002) where it was in run off status.

FICL underwrote a reinsurance portfolio of Property, Liability and Professional Indemnity business from 2015 to 2018, and from January 2019 wrote business directly via a co-insurance with MS Amlin & five direct delegated authority agreements (DUAs).

The financial statements for the year ended 31 December 2019 show a positive result of £322k for the company pre-tax and £270k post tax. FICL has seen a significant increase in gross premiums written for 2019 due to the underwriting of DUAs on a 100% gross basis with 70% being ceded out (£3.3m) on a quota share basis, with a total written premium of £9.3m in 2019 compared to £4.4m in 2018. There were no premiums ceded on a quota share basis in 2018.

Outward Reinsurance treaty costs have increased by £106k over the past 12 months consistent with the growth in the portfolio.

The investment income & net gains in the financial year was £373k, which represents an increase of £495k from the previous year. Invested capital amount at December 2019 was £10.5M (2018 £9.5m).

Gross claims payments in the year for the new active business were £2,754k compared to £1,985k in 2018, due to the maturing of the business. The claims performance of the legacy run-off portfolio reduced by £13k due to new claims notified & a reduction of IBNR.

The company maintains a separate claims reserves for the legacy run-off portfolio, direct & the reinsurance account.

Operating costs have increased compared to 2018 by £54k due to the Service Level Agreement fee to APC of £75k.

The actual investment return achieved for the year, was a profit of £373k including fees, largely due to change market conditions and the recovery of the loss incurred in 2018 (-£122k). More detailed commentary on the investment performance is set out in the investment report below. During the year £1 million of additional funds was transferred into the portfolio.

FICL has resources in excess of the regulatory capital requirements as defined under the Solvency II Directive.

Where reference is made to "financial statements", these are audited, statutory accounts.

Directors’ Responsibilities Statement

The Directors are responsible for preparing the SFCR in accordance with the Prudential Regulatory Authority (PRA) rules and SII Regulations. In 2018 the Company was granted a QRT limitation waiver in relation to article 2.2(1) of the PRA rule book under section 138A of the Financial Services & Markets Act 2000.

The PRA Rulebook for SII firms in Rule 6.1(2) and Rule 6.2(1) of the Reporting Part requires that the Group must have in place a written policy ensuring the ongoing appropriateness of any information disclosed and that the Company must ensure that its SFCR is subject to approval by the Directors. The company qualifies under the SFCR audit exemption in reference to PRA policy statement PS25/18 and PRA rulebook articles 137G, 137T.

Each of the Directors, whose names and functions are listed in the Board of Directors section of the Report & Accounts, confirm that, to the best of their knowledge: (a) Throughout the financial year in question, the Company have complied in all material respects with the requirements of the PRA rules and SII Regulations as applicable; and (b) It is reasonable to believe that, at the date of the publication of the SFCR, the Company continue so to comply, and will continue so to comply in future.

Exemption to external audit of Solvency Capital Requirement calculation (SCR) & Solvency Financial Condition Report (SFCR)

In accordance with the PRA rulebook the company have taken the benefit of the audit exemption.

On 17 October 2018 the PRA published Policy Statement (“PS”) - PS25/18 “Solvency II : External audit of the public disclosure requirement”. This should be read in conjunction with the Supervisory Statement SS 11/16 and the External Audit Part of the PRA Rulebook.

By Order of the Board

Zoe Spicer
Director

Business and performance

<u>Business</u>

FICL is a wholly owned subsidiary of Anglo London Limited. Anglo London Limited is a private company limited by shares and is incorporated in England. The address of its registered office is 80 Leadenhall Street, London, EC3A 3DH. FICL transacts general insurance business.

On the 6 August 2015 FICL was approved by the PRA to underwrite reinsurance business. On 1 September 2015 the Company commenced underwriting reinsurance business. The Company was approved in June 2018 to write direct insurance, which has commenced. from January 2019.

The reinsurance business emanated from Tokio Marine Kiln (TMK) who were the primary insurers for the business originally underwritten by the Anglo London Limited's underwriting agency subsidiary, Anglo Pacific Consultants (London) Limited trading as APC Underwriting (APC), and connected Company Heparo BV trading as APC Holland. From 1 September 2015 through to 2018, the Company has underwritten quota share reinsurance contracts in support of this business. Premiums and claims arising on the legacy business have been categorised as the 'Run off account'. Premiums and claims arising on the quota share inwards business have been categorised as the 'Reinsurance account'.

Prior to 1 September 2015 the Company had written a general insurance account which was placed in run off on the 30 June 2002. Anglo London Ltd acquired the Company in August 2014 and on the 6 August 2015 the Company was authorised to underwrite reinsurance business, it commenced underwriting on 1 September 2015. Premiums and claims arising on this business have been categorised as the 'Run-off account'.

From January 2019 the company wrote the business previously classified as 'Reinsurance account', directly on a co-insurance basis with MS Amlin. FICL also wrote business via five direct delegated authority agreements (DUAs). Such business is all classified as 'Direct Account'.

FICL has no employees and is managed on a day to day basis under a Service Level Agreement with APC.

The Principal activity of the Company is the transaction of insurance on general insurance business underwriting a niche portfolio of SME commercial lines in the United Kingdom and via the five DUAs.

FICL also engaged AM Best to undertake a full rating review and in November the rating assigned a Financial Strength Rating (FSR) of B (Fair) and a Long-Term Issuer Credit Rating (Long-Term ICR) of "bb+" to Folgate Insurance Company Limited (Folgate) (United Kingdom). The outlook assigned to these Credit Ratings (ratings) is stable was published. http://news.ambest.com/presscontent.aspx?refnum=27354&altsrc=9

In November 2019 , further to annual review with AM Best, FICL maintained its B (FSR) & bb+ (ICR) ratings.

FICL via APC continues to administer the run-off /legacy business (principally Household, Motor, Commercial and Travel).

Regulation

FICL is regulated by the PRA and the FCA). Both the PRA and the FCA operate a risk-based approach to supervision, which places emphasis on the need for regulated firms to have in place robust risk management frameworks. The PRA is the lead supervisor for the purposes of Solvency II regulation.

Contact details for the PRA and the FCA can be found on their respective websites:

www.bankofengland.co.uk/pra and www.fca.org.uk

FICL's external auditor is BDO LLP, whose address is 55 Baker Street, London W1U 7EU.

Underwriting performance

Table 1: Summary Profit & Loss – Technical Underwriting Account- General Business for the year ended 31 December 2019 (based on UK GAAP) shown net of Investment fees

	£'000
Gross Premiums Written	9,276
Change in gross provision for unearned premium	-978
Reinsurers Share	-3,366
Claims Incurred	-3,554
Investment income transferred from Non technical	146
Net operating & investment expenses	-1,431
Balance on the technical account	94

FICL currently purchases market excess of loss (XOL) and catastrophe (CAT) reinsurance. The market excess of loss programme reduces the impact of individual large losses on FICL. FICL retains the first £250k of every claim (FICL's retention), above which the market excess of loss reinsurance arrangements respond up to the maximum limit of cover. These risk tolerances are set by the Board based on the detailed analysis of risk and geographical catastrophe exposure accumulations.

Claims

FICL recommenced its underwriting activity in September 2015 through to the end of 2018 on the 'Reinsurance account' and on the 'Direct account' from January 2019, FICL's claims experience is limited and therefore FICL relies on other collateral information from APC for the purposes of its reserving analysis. The run-off business has a low claims activity as expected.

FICL has access to 15 years of historical data from APC, the Managing Agent who underwrite the primary insurance through TMK, a London Company Insurer. Detailed analysis of this data and the associated claims patterns, has enabled FICL, in association with its actuarial consultants, to develop models and forecasts of future claims experience that are used within the reserving and capital assessment processes of the business.

Claim volumes and incurred costs at this time are in line with the historic development of the business.

Investment

FICL's portfolio returned £373k net of fees (4.59%) for the year to 31 December 2019 compared to the target return of +2% net of investment fees. £121k (-1.31% loss) negated from 2018. The majority of the investments are in individual bonds and equities with around 12% in funds for which detailed look-through data of individual assets were available. The table below provides a breakdown of the overall portfolio by asset class, as at 31 December 2019.

Table 2: FICL's investment portfolio asset classes as at 31 December 2019

Asset Class	**% of portfolio**
Equities	13.80%
Bonds	75.78%
Property	0.00%
Cash	10.42%
	100%

The above split is based on a look-through analysis of FICL's investment fund holdings and may be different to the presentation in the statutory accounts, which is based on a high-level split between equities and fixed-interest investments.

Overall business performance

In the year ended 31 December 2019, FICL produced a pre-tax profit of £322k (£465K loss 2018) and the UK GAAP balance sheet assets increased to £15.5m (£11m 2018).

Own funds for Solvency II purposes, measured on a best estimate basis, stood at £4.73m (£4.13M 2018).

The overall solvency position of FICL at 31 December 2019 is set out in more detail in Table 11 of this report.

System of governance

General information on the system of governance

The FICL Board retains the ultimate responsibility for the governance of itself. The board has in place processes which are proportionate to the nature, scale and complexity of the risks inherent in the business.

Chart 1: Board and Committee Structure

The terms of reference describe the purpose, responsibilities, membership and authority delegated from the Board for each Sub-Committee. All relevant attendees are invited to the committee meetings as determined by the committee itself for example the Audit Committee will invite external parties such as any Actuarial experts or external auditors.

The Sub-Committees of the Board have the responsibility for the detailed review of published financial reports, liaison with auditors (responsibility of the audit committee) and scrutiny of the fees/remuneration paid to the Directors.

FICL has no employees and is managed on a day to day basis under a Service Level Agreement with APC (the Managers). APC is a private company owned principally by Anglo London Ltd, the parent company of FICL.

Fit and proper requirements

FICL recognises the value of the fit and proper requirement that a company is run in a fit and proper manner, by directors and other individuals holding key positions or roles that will be responsible and more likely to be successful.

FICL has a Senior Insurance Managers Regime (SIMR) compliant policy which sets out the procedures in place to ensure that all those undertaking controlled functions on behalf of FICL are and remain fit and proper to carry out those functions.

These procedures ensure that all those holding controlled functions

- meet the requirements of the Regulators' 'fit and proper' test and follow its principles;
- comply with the Statement of Responsibilities; and
- report anything that could affect their ongoing suitability.

Whilst there is no definition of 'fit and proper' the following factors are taken into account when deciding whether an individual is fit and proper:

- their honesty, integrity and reputation (e.g. treating customers fairly, proper respect of legal, regulatory and professional obligations, prudent approach to business);
- their competence and capability (e.g. adherence to the 'four-eyes' principle, having a robust attitude towards supporting a sound corporate governance structure, declaring conflicts of interest, having the appropriate skills, knowledge and experience); and
- their financial acumen (e.g. ensuring the Company has sufficient financial resources to meet commitments on a continuous basis and is robust enough to withstand business risks).

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

Risk management system including the ORSA

FICL has a fully documented risk management strategy which includes the ORSA policy.

The Risk Register is a central log of all risks identified in the business. It is owned by and managed by the Corporate Governance and Risk Strategy Committee (CGRSC) where this is maintained managed and reviewed. The committee will review this quarterly and make recommendations to the Board for approval.

Risk Appetite

Risk appetite is the nature and extent of the significant risks the Board is willing to take in achieving its strategic objectives.

The Board's risk appetite for the areas of risk within the business are stated in the Risk Register. The Board delegates review of these to the CGRSC, who undertake reviews of these at each Committee meeting and record the results in the minutes of such meetings.

Risk Tolerances

Risk tolerance is the boundary of risk-taking outside of which the Company is not prepared to venture. Risk tolerances are expressed in absolute terms which the Company will not exceed without Board approval. It is not necessarily appropriate or possible to attribute a risk tolerance to all risks.

In the event that a tolerance has been or is near to being exceeded, the CGRSC will alert the Board who will make the necessary decisions to either apply additional mitigating measures, reduce the risks back to that prescribed in the risk appetite or to review the Company's stated risk appetite.

Risk Reporting

The CGRSC discusses existing risks and reviews the Risk Register at each meeting. Any new or emerging risks that have been identified by the business or Directors and reported to the CGRSC for consideration and possible inclusion on the risk register, will be escalated to the Board for consideration where deemed necessary.

The CGRSC provides a report to the Board at each meeting highlighting any areas for particular attention. This includes adherence to risk appetite and tolerances.

Own Risk Solvency Assessment (ORSA)

FICL is responsible for completing an Own Risk Solvency Assessment (ORSA).

The ORSA's main purpose is to ensure that FICL assesses all the risks inherent to the business to determine the corresponding capital needs or identifies other means needed to mitigate these risks.

When determining appropriate stress or scenario testing to be applied, the Board will take the approach of plausible worst case as well as reverse stress testing.

The FICL Board carries out the ORSA and stress tests in the event of a trigger, such as a change to the forecasts, ultimate loss ratios (ULR). However, it will also carry out additional ORSA's as a result of specific triggers which are set out in the ORSA Policy.

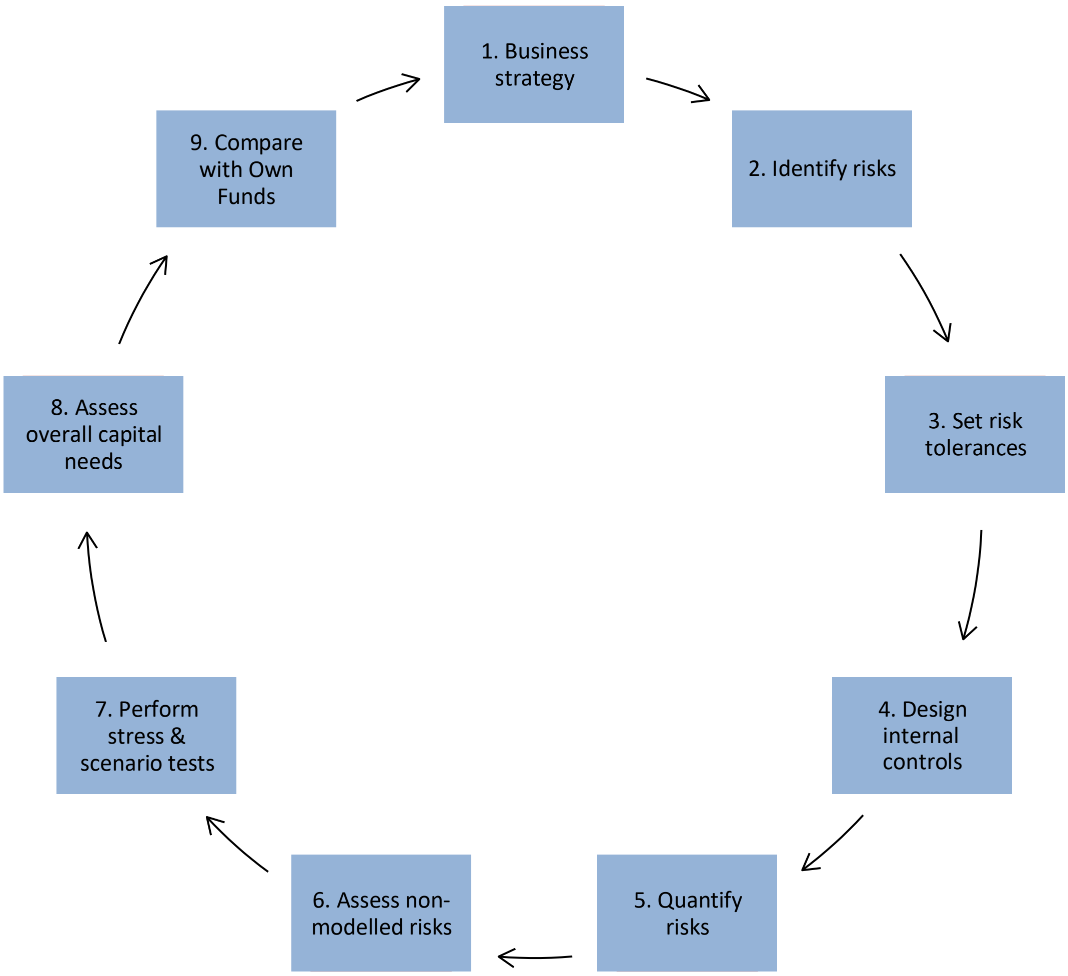
ORSA governance

Overall responsibility for the ORSA rests with the Board.

The ORSA process

The Policy defines a number of steps that make up the overall ORSA process, which are summarised in Chart 2 below.

Chart 2: Summary of ORSA process



The ORSA includes the position of regulatory capital position, by reference to the Solvency Capital Requirement (SCR) and the Absolute Minimum Capital Requirement (AMCR), as at 31 December 2019.

The SCR defines the amount of capital that FICL must hold in order to satisfy regulatory requirements and is calculated using the Standard Formula. The benchmark set for the SCR is also at the 99.5% level of confidence measured over a one-year time period.

The AMCR, which represents the absolute minimum level of capital that FICL must hold to avoid regulatory action, is measured over a one-year period.

Internal control system

FICL has established a system of internal controls, consistent with the requirements of Solvency II, which are used to manage the risks faced by FICL to remain within the documented risk appetite. These internal controls are documented in FICL's Compliance Monitoring Plan, Risk Register and the Procedures Manual, which sets out the detailed processes for all aspects of the management of FICL on a day to day basis.

Compliance function

The Compliance function's aim is to

- ensure the Company's continuing compliance in relation to its regulatory and legal obligations assessing potential impacts of legislative changes and monitoring the appropriateness of the compliance procedures
- ensuring the Company's arrangements in relation to compliance are sufficiently robust, proportionate, efficient and effective
- ensuring the Company's compliance arrangements are subject to review at the appropriate intervals to ensure their ongoing and continual fitness for purpose
- in conjunction with the Board ensure that the organizational structure in place is one that promotes a high standard of business integrity and regulatory compliance.

The Chief Financial Officer is responsible for reporting to the Board on all compliance related matters.

Risk function

The Risk Function is responsible for:

- identifying, managing, monitoring and reporting on current and emerging risks;
- setting the overall risk management and strategic framework; and
- monitoring and assisting in the effective operation of FICL's risk- management framework and maintaining an accurate view of FICL's risk profile.

Jonathan Bates acts as Chief Risk Officer to FICL and manages the day to day risk monitoring, and is responsible for reporting to the Board.

Internal audit function

FICL supports Internal Audit as an independent and objective activity designed to add value and improve the Company's operations.

Internal audit exists to provide the Company with an independent assessment of the quality of internal controls and processes providing recommendations and suggestions for their continual improvement.

FICL outsource the internal audit function to Sandpiper Insurance Services (2018 & 2017 Magi Associates), under an outsourcing agreement.

The Internal Audit Plan is presented to the Board annually for approval. Two internal audit were carried out during 2019 (May & July) by Sandpiper. This audit did not return any material findings. There are 2 planned audits throughout 2020.

The Audit Committee reviews the Internal Audit Plan annually revising as appropriately to take account of business priorities and risk areas. The extent and frequency of the audits are risk based depending on various factors including the results from previous audits, risk activity and adequacy of internal control systems.

The Internal Audit Plan is presented to the Board annually for approval.

Actuarial function

FICL's actuarial function is the responsibility of the Chief Executive Officer. The tasks of the actuarial function for day to day activity (including claims reserving and the maintenance of the Company's internal models) are outsourced to APC.

The company utilised the services of Insight Risk Consulting ("IRC") in 2019, who replaced Moore Stephens/ BDO following their own 2019 merger. IRC provided actuarial and analytical support to the actuarial function with regards to calculation of technical provisions, risk management, reinsurance and underwriting policy under an outsourcing agreement.

Outsourcing

FICL is reliant on the outsourcing of its operational day to day functions to APC. APC is an Anglo London Limited Group company and supports FICL under a Service Level Agreement. In addition, FICL utilises the services of specialist companies for Audit and Actuarial activities.

Risk profile

Non-Life Underwriting risk

FICL writes (re)insurance business and takes a prudent approach to non-life underwriting risk prioritising financial security of the company, adherence to regulatory requirements and the protection of its policyholders.

Non-life underwriting risk is identified and assessed using management information including gross written premium, claims reserves, loss ratio, large claims details, market distribution models and risk pricing.

The Underwriting Committee will utilise this information in decision making to monitor, manage and mitigate underwriting risk, ensuring that this is consistent with FICL's risk appetite.

During this reporting period the reinsurance written by FICL emanates run off premiums for underwriting years 2015 to 2018, from Tokio Marine Kiln (TMK), who are the primary insurers of APC's and Heparo BV trading as APC Holland the former being an underwriting agency subsidiary of Anglo London Limited and the latter being a related company of Anglo London Limited. The direct business written relates to the Co-insurance account with MS Amlin which replaced the TMK capacity for the book written by APC. FICL ceased to participate in the APC Holland renewal with effect from January 2019 primarily due to Brexit issues. The direct business also contains delegated binding authorities that were previously part of the reinsurance account through TMK.

FICL's main underwriting risks are;

- The rating adequacy of the primary risk
- The exposure to catastrophic loss
- Reserving – the risk that claims reserves are not sufficient to meet insurance liabilities

These are mitigated by;

- The underwriting committee regularly reviewing risk performance data – e.g. loss ratios, claims frequency, average premiums and rate movements

- Natural peril and accumulation exposure monitoring by geographic region
- The underwriting and Claims Committees regularly reviewing claims reserves, and large loss claims to ensure they are appropriate
- The company taking a prudent approach towards establishing provisions
- Assessing the data quality and methodology used to calculate reserves
- The engagement of external actuaries to independently review claims reserves at least annually
- Using reinsurance to mitigate individual large risk exposure, individual large losses and catastrophic events

The net volume of business written by FICL remains similar compared to that considered as at the last reporting date 31 December 2019, compared with 2018. APC has seen rapid growth on the gross written premium for 2019 due to the change to direct writing and as a result, incurring acquisition costs. Folgate has similar expectations for the next year. The 'Reinsurance account' was written on a basis of net of acquisition costs. Based on the current risk profile of the company, it has assessed that excess of loss reinsurance is the most appropriate form of mitigation.

Market risk

Market risk refers to the risk of losses due to fluctuations in the level and in the volatility of market prices of assets and liabilities.

Investments are held in British Sterling (GBP) and therefore present a low currency risk to the company. The company is exposed to a minimal amount of currency risk in relation to the premiums and claims funds held for a segment of business written in Europe.

FICL has a clear investment strategy which is reviewed regularly and as a minimum quarterly by the Investment Committee and provided to the third party investment manager. The investment strategy has a number of objectives – to match investments to the company's claims liabilities, to hold a diversified portfolio of investment types and within that context maximise the return generated at an agreed level of risk.

The risks that the Company faces due to the nature of its investment and liabilities are interest rate risk and equity price risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

FICL invests in individual fixed & floating interest securities and equity stocks, comprised of a diverse set of underlying investments. For this reason, the level of exposure to concentration risk is low. The treatment of concentration risk within the capital calculations is explained in further detail in the "Capital Management" section.

FICL's main source of interest rate risk is the cash flows arising from investments in interest bearing securities, and liability cash flows in the form of claim payments. Interest rate risk is assessed and monitored by the investment committee and considers how the mitigating factors to achieve the necessary objectives could be improved and makes recommendations to the Board. Investments comprise of 62.00% (2018: 73.22%) fixed interest securities and 11.75% (2018 10.76%) floating rate securities. There have been no material changes to the exposure to interest rate risk over the reporting period.
As of 23 March 2020 the Company sold its equity holdings at a loss of £392k, due to the impact of COVID-19 on the stock market.

Overall, the investment policy is consistent with the requirements of the Prudent Person

Principle, set out in the Solvency II Directive.

Credit risk

Credit risk is the risk that a counterparty fails to meet their contractual obligations as they fall due. Key areas where FICL is exposed to credit risk are:

- Reinsurers' share of insurance liabilities;
- Amounts due from reinsurers in respect of claims already paid;
- Amounts due from insurance contract holders; and
- Counterparty risk with respect to investment.

The Company monitors the levels of credit risk it accepts through the monthly financial reporting process which is reviewed at each quarterly Board meeting.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability. If a reinsurer fails to pay a claim, the Company remains liable for the payment to the primary insurer & ultimately the policyholder. The Underwriting Committee will review the creditworthiness of reinsurers on an annual basis by reviewing their financial strength prior to finalisation of any contract with the objective of using "A" rated reinsurers or better wherever possible. Management processes are embedded in the business to assess the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information. The recent payment history of reinsurers is also used to update the reinsurance purchasing strategy. The appropriateness of the risk mitigation techniques is regularly reviewed by the underwriting committee and through its reinsurance brokers, the company ensures that adequate risk mitigation is in place.

The table below provides information regarding the credit risk exposure of the Company at 31 December 2019 by classifying assets according to the credit ratings of the counterparties. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB (including captives) are classified as not rated. Debtors, other than amounts due from reinsurers, have been excluded from the table as these are not rated. We have used AM best ratings for classification of investments/bank balances into respective rating categories.

Table 3: Credit Exposure as at 31 December 2019

31 December 2019	AAA	AA	A	BBB	Not Rated	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Other Financial investments – debt securities	1,124	2,908	2,137	2,325	-	8,494
Other Financial investments – Equities		57	326	403	760	1,546
Debtors arising out of insurance operations	-	-	-	-	1,108	1,108
Cash at bank and in hand	-	-	2,649	-	-	2,649
	1,124	**2,965**	**5,112**	**2,728**	**1,868**	**13,797**

31 December 2018	AAA	AA	A	BBB	Not Rated	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Other Financial investments – debt securities	1,029	2,994	1,527	1,364	-	6,914
Other Financial investments – Equities	-	46	273	269	623	1,211
Debtors arising out of insurance operations	-	-	1,002	-	-	1,002
Cash at bank and in hand	-	-	-	1,814	-	1,814
	1,029	**3,040**	**2,802**	**3,447**	**623**	**10,941**

Credit risk is also identified, assessed and monitored through the Risk Register on which key market risks are recorded.

Credit risk mitigation measures are reviewed at least annually by the Underwriting Committee and/or Board to ensure they are still effective and appropriate for the Company and the risk environment it operates in.

There have been improvements to the exposure to credit risk over the reporting period with a lower proportion of the exposure being not rated.

Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due. The projected settlement of these liabilities to claimants and policyholders is reviewed on a regular basis and the Company holds liquid cash deposits to cover these.

Operational risk

Operational risk is identified, assessed and monitored by the Corporate Governance and Risk

Strategy Committee (CGRSC) with oversight from the Board, and recorded on the Risk Register. The CGRSC will review the Risk Register quarterly at the appropriate committee meetings.

Mitigating measures are also recorded on the Risk Register and are monitored on a risk based frequency. Should the risk assessment score increase, the CGRSC will consider if the controls and mitigation for that risk should be improved or augmented and make the necessary recommendations to the board for action.

Key Operational Risks are

- *Material Service Provider*
  FICL is reliant on the outsourcing of its operational day to day functions to APC. APC is an Anglo London Limited Group company and supports FICL under a Service Level Agreement. There would be a material impact on the business in the medium to long term if APC could not operate. This risk is mitigated to the extent that APC and FICL are owned and operated under the same group company Anglo London Limited.

- *IT Systems*
  Systems are provided and supported as part of the Material Service Provider outsourcing SLA with APC (as detailed above). Mitigating the risks of failure and dependency is supported within the APC SLA where a Business Continuity Plan (BCP) has been implemented and includes the support of FICL. APC have implemented the necessary stress testing of systems to include the impact of cyber-attacks. FICL Board reviews the BCP plan in association with the SLA documents.

- *Regulatory and legal risk*
  The risk is mitigated using sound corporate governance and internal controls, with a strong compliance structure. Controls are monitored regularly through the Compliance and Conduct Committee.

- *Reputation risk*
  Maintaining the position of FICL as a partner of choice for the delivery of good customer service and claims experience. FICL mitigates the risk by ensuring that all parties are regulated by the appropriate body, the monitoring of any complaint and implementing any changes that maybe required to processes and controls either within its own company or other service and business providers.
  Whilst FICL operates as a reinsurer for the reporting period, it still manages a run-off portfolio for business written prior to June 2002. This is monitored and reported on separately to the Board via the Underwriting, Claims and Compliance and Conduct Committees on any activity or complaints that may arise.

Other Material Risks

The UK voted to leave the EU in the referendum which took place on the 23rd June 2016. The terms of the exit and arrangements for continued trade with the EU are not known at this stage. The impact to FICL is minimal at this stage based on the information available. The Board continue to review the possible implications of Brexit as and when additional information becomes available. FICL did not write the APC Holland book in 2019 due to uncertainty surrounding Brexit.

Stress and sensitivity tests

FICL work with external actuaries and has developed a suite of stress and sensitivity tests, including reverse stress tests, which are used to measure the robustness of FICL's capital position.

Valuation of assets and liabilities for solvency purposes

Assets

Table 4: Valuation of FICL's assets as at 31 December 2019

	Assets per GAAP £'000	Assets per Solvency II £'000
Financial investments	10,040	10,040
Property, Plant & Equipment	4	4
Insurance Receivable	931	-
Cash & Equivalents	2,696	2,648
Other assets	1,988	227
Total assets	**15,659**	**12,919**

FICL's investments are valued for Solvency II purposes on the same basis as the annual financial statements, which follow UK GAAP. All of FICL's investments are traded on mainstream exchanges. All assets are valued on a market bases using the market value as at 31st December 2019. The market value was provided by Coutts bank in their role as asset manager. No assumptions were made in carrying out this valuation. The difference in valuation of assets between GAAP and Solvency II relates to:

- Reinsurers' Share of Technical Provisions: For FICL, this is a net liability and represents a specific provision in respect of the minimum reinsurance premiums payable for the 2020 year.
- Deferred Tax Asset: Change arising from changes in valuation basis between GAAP and Solvency II
- Insurance receivables represent premiums due from Kiln to FICL under the quota share reinsurance arrangement. Under Solvency II these are reclassified and considered as part of the technical provision calculations as set out in the *"Technical Provisions (TP)"* section below.
- Other assets under GAAP represent anticipated reinsurance recoveries in respect of FICL's legacy portfolio. These are reclassified under Reinsurers' Share of Technical Provisions for Solvency II purposes.

All other assets are valued for Solvency II purposes on the same basis as the financial statements. There were no changes to any of the recognition criteria or valuation methods during the year.

Neither the matching adjustment nor the volatility adjustment were used during this assessment. Neither the transitional deduction nor the transitional risk-free interest rate term-structure were applied.

Technical provisions (TP)

At 31 December 2019, FICL held technical provisions, valued for Solvency II purposes, of £7,815 (2018 £5.93m).

The table below shows the analysis of these provisions between best estimate and risk margin.

Table 5: Analysis of net technical provisions at 31 December 2019

	Technical provisions per GAAP £'000	Technical provisions per Solvency II £'000
Best Estimate	8,443	7,474
Risk margin	100	341
Total	**8,543**	**7,815**

FICL values technical provisions in compliance with the Solvency II Directive.

The table below breaks down the technical provisions by Solvency II segmentation.

Table 6: Breakdown of net technical provisions at 31 December 2019

	Property £000s	Third Party Liability £000s	Total Direct £000s	Run Off £000s	Reinsurance Accepted £000s	Total
2019						
Gross premiums written	5,195	3,773	8,968	-	308	9,276
Gross premiums earned	2,412	1,807	4,219	-	2,566	6,785
Gross claims incurred	(888)	(934)	(1,822)	13	(2,201)	(4,010)
Gross operating expenses	(1,089)	(733)	(1,822)	-	(104)	(1,926)
Gross technical result	435	140	575	13	260	849
Reinsurance balance	(390)	(206)	(595)		(306)	(901)
Net technical result	45	(65)	(20)	13	(46)	(53)
Allocated investment income	25	18	42	2	102	146
Balance on the technical account	70	(48)	22	16	56	94
Net technical provisions	2,575	1,841	4,417	107	4,019	8,543
2018						
Gross premiums written	-	-	-	-	4,468	4,468
Gross premiums earned	-	-	-	-	4,313	4,313
Gross claims incurred	-	-	-	41	(3,909)	(3,868)
Gross operating expenses	-	-	-	-	(222)	(222)
Gross technical result	-	-	-	41	182	223
Reinsurance balance	-	-	-	-	(566)	(566)
Net technical result	-	-	-	41	(384)	(343)
Allocated investment income	-	-	-	-	-	-
Balance on the technical account	-	-	-	41	(384)	(343)

Net technical provisions	-	-	-	134	6,569	6,703

	Property £000s	Third Party Liability £000s	Total Direct £000s	Run Off £000s	Reinsurance Accepted £000s	Total
2019						
Gross premiums written	5,195	3,773	8,968	-	308	9,276
Gross premiums earned	2,412	1,807	4,219	-	2,566	6,785
Gross claims incurred	(888)	(934)	(1,822)	13	(2,201)	(4,010)
Gross operating expenses	(1,089)	(733)	(1,822)	-	(104)	(1,926)
Gross technical result	435	140	575	13	260	849
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2018						
Gross premiums written	-	-	-	-	4,468	4,468
Gross premiums earned	-	-	-	-	4,313	4,313
Gross claims incurred	-	-	-	41	(3,909)	(3,868)
Gross operating expenses	-	-	-	-	(222)	(222)
Gross technical result	-	-	-	41	182	223
Reinsurance balance	-	-	-	-	(566)	(566)
Net technical result	-	-	-	41	(384)	(343)
Allocated investment income	-	-	-	-	-	-
Balance on the technical account	-	-	-	41	(384)	(343)
Net technical provisions	-	-	-	134	6,569	6,703

Actuarial reserving

The ultimate responsibility for setting Technical provisions lies with the Board. The Company engages external actuarial consultants Insight Risk Consulting Ltd (2018 BDO/Moore Stephens) to perform a full actuarial review of the reserves at Q2 and Q4 year-end. Based on the recommendations made by the external actuaries, the company makes claims provisions in its year-end accounts.

The actuarial projections are carried out using standard actuarial techniques such as the chain ladder and Bornhuetter-Ferguson methods. Expert judgement is used within the reserving process, in particular to set the a-priori loss ratios for each policy year, to select the claims development patterns and to identify the need for tail factors.

FICL has only written business since the September 2015 and also uses data from APC, in order to perform its actuarial analysis. The nature of the relationship between FICL and APC means that the claims experience at the direct insurer level, which consists of more than 15 years of data, can be used to derive the reserving development patterns. Given that the business written has been stable and there have been no material changes in the way claims are handled, the application of these reserving methodologies is considered to be appropriate.

The reserving exercise was carried out in such a way as to present an undiscounted "actuarial best estimate". An assessment of the variability of this estimate was also carried out. A variation of 10% of reserves is considered reasonable for FICL's portfolio.

The actuarial reserving includes an explicit IBNR provision (expressed as a percentage of written premium) as a latency loading in respect of the EL and PL portfolios. This additional provision is made to allow for the long-tailed nature of the business and the potential for future latent claims.

There are no material reinsurance recoveries expected on the claims reserves.

<u>Solvency II Technical Provisions (TP) methodology</u>

The calculation of technical provisions under Solvency II is based on discounted cash-flows with respect to premium provisions and claims provisions. The following financial items are taken into consideration for the calculation:

- Claims provisions – Gross and RI
  - Best Estimate
  - Expense provision
  - Events Not in Data(ENIDs)
  - RI Bad Debt adjustment
- Premium provisions – Gross and RI
  - Best Estimate
  - Un-incepted, legally obliged business
  - RI Bad Debt adjustment
- Risk Margin

The conversion of the Technical provisions from the statutory accounting basis to Solvency II basis via the waterfall considers the adjustments set out below. These are described at a high level, as there is no difference in the treatment of technical provisions between different classes of business. For each section, the overall quantitative impact on the balance sheet surplus is provided.

- **Gross Premium provisions –** For calculating premium provisions, a loss ratio is applied to the unearned premium reserve on the statutory accounting basis to reflect the expected claims outgo on the UPR. Insurance premiums which represent future cash-inflows are included within this calculation. A Solvency II run-off expense provision is also included within the premium provisions.

  <u>Impact of Change: +£662k</u>

- **Reinsurer's share of Technical Provisions –** here are recoveries on the claims provisions for the ceded share of technical provision. FICL hold 95% of the premiums on a withheld funds basis and therefore there is no reinsurance bad debt provision necessary. With regards to the premium provisions, specific provision is made for future

reinsurance premium payable in respect of the renewal of reinsurance cover for the 2020 calendar year.
<u>Impact of Change: -£325k</u>

- **Cash-flows and Discounting –** The claims cash-flow patterns are derived from the actuarial reserving analysis and the provisions on the Solvency II balance sheet are held on a discounted basis. The discount rate used is the prescribed risk-free rate. Given the short-tailed nature of the portfolio, the overall discounting credit is minimal.

  <u>Impact of Change: +£77k</u>

- **Risk Margin**

  An additional risk margin is calculated in line with the methodology described within the directive. This involves assuming a basis where FICL is taken over by another (re)insurance undertaking, which:

  - Does not assume any new reinsurance obligations
  - Selects assets with the aim of minimising market risk

  The risk margin represents the return that would be expected by the undertaking in order support the business with capital equal to the regulatory requirement, the SCR, for the duration of the run-off of the portfolio.

  For the first time period, market risk is set to 0 under the assumption that all investments are made in risk-free government bonds. No further business is assumed to be written.

  A prescribed simplification is used to calculate the SCR for future time-periods, which is based on the SCR reducing in line with the Technical provisions.

  The cost-of-capital rate of 6% is applied to the calculated future SCRs and discounted using the risk-free rate to calculate the risk margin.

  <u>Impact of Change: -£341k</u>

- **GAAP Risk Margin Reverse**

  The risk margin represents the management margin over the actuarial best estimate. For the year ending 31st December 2019 FICL held a risk margin within the GAAP accounts for the value of £100k. When converting to SII this risk margin is added back as the Solvency II risk margin is already applied (as above).

  <u>Impact of Change: +£100k</u>

The table below shows the impact of the above major changes on the eligible GAAP Assets vs. Solvency II Own Funds

Table 7: UK GAAP Assets vs Solvency II Own Funds December 2019

£ 000's

Total Available Capital GAAP Q4 2019	4,594
Solvency II Adjustments	
Assets	
RI Technical Provisions (Decrease in Surplus)	-325
Technical Provisions	
Gross TP (Increase in Surplus)	662
Risk Margin (Decrease in Surplus)	-341
GAAP Risk Margin Reverse (Increase in Surplus)	100
Deferred Tax Liability (Increase in Surplus)	-33
Discount	77
Own Funds Solvency II Q4 2019	4,734

Data adjustments and recommendations

There were no data deficiencies for which an adjustment was necessary.

Changes since the last reporting period

The table below shows the technical provisions for Dec 2019 and Dec 2018. The increase in the best estimate is due to the growth in the business.

Table 8: Solvency II Technical Provisions as at Dec 2019 vs Dec 2018

	Technical provisions as at Dec 2019 £'000	**Technical provisions as at Dec 2018 £'000**
Best Estimate	7,474	5,622
Risk margin	341	303
Total	**7,815**	**5,925**

Other liabilities

The table below sets out the value of FICL's other liabilities at 31 December 2019.

Table 9: Valuation of FICL's other liabilities

	Liabilities per GAAP	Liabilities per Solvency II
	£’000	**£’000**
Deferred Tax Liability	-19	14
Net Unearned Premium Provision	3,250	2,212
Net Earned Claims Provision	5,193	5,262
Other creditors	1,052	336
Reinsurance creditors	1,487	0
Risk Margin	100	341
Other liabilities	**11,063**	**8,165**

The company’s other liabilities are recognised and valued for Solvency II purposes on the same basis as the annual financial statements, which are based on UK GAAP.

Off-Balance Sheet Items

FICL does not have any off-balance sheet items.

Alternative methods of valuation

FICL does not use any alternative valuation methods.

Capital management

Own funds

FICL has a simple capital structure, with balance sheet reserves comprising a single item: tier 1 capital derived from past underwriting and investment surpluses. There were no restrictions on the availability of FICL’s own funds to support the SCR and MCR. Therefore, all own funds are eligible.

On 26 March 2020, post year end the company raised additional capital of £300k by means of issuing ordinary paid up share capital.

At 31 December 2019 and 2018, FICL held the following own funds.

Table 10: Solvency II Own funds as at 31 December 2019 and 31 December 2018

	31-Dec 2019 £'000	31-Dec 2018 £'000	Movement £'000
Share Capital	4,406	4,406	-
Net Deferred Tax (Liability) / Asset	-33	142	-175
Reconciliation Reserve	362	-412	774
Total adjusted resources	**4,735**	**4,136**	**599**

FICL have a proportionate business plan for the management of their Own Funds, which involves increasing them in line with retained profits. This does not involve any specific time horizon. In the event that the level of Own Funds drops below an acceptable tolerance level, then additional measures will be taken to raise additional capital and restore adequate levels of buffer over the SCR.

Solvency Capital Requirement (SCR)

FICL's SCR was calculated using the Standard Formula. FICL is not using undertaking-specific parameters as described within the directive, and no simplified calculations are used. The final amount of the SCR is subject to supervisory assessment.

The PRA has made use of the option not to require the entities in its jurisdiction to disclose the capital add-on (if any) during a transitional period.

The table below shows an analysis of FICL's SCR split by risk modules.

Table 11: FICL SCR as at 31 December 2019 and Forecast

Net capital required (Solvency II best estimate basis)

Heads of risk	**31 Dec 2019 £'000**
Non-Life Underwriting risk	3,115
Market risk	964
Counterparty default risk	387
Sum of Risk Components	**4,466**
Diversification Effects	(768)
BSCR	3,698
Operational Risk	252
Adjustment for effect of deferred	(0)
Solvency Capital Requirement	**3,950**
Minimum Capital Requirement	**2,127**

Minimum Capital Requirement (MCR)

The MCR calculation is based on the value of technical provisions, net of risk margin and reinsurance recoveries, and the expected level of net written premiums over the last 12 months, net of reinsurance premiums. This calculation was carried out for Segments 7 and 8 as set out in Annex XIX of the Delegated Acts.

The result of the calculation is then subject to a floor and a cap, of 25% and 45% of the SCR respectively. As at 31 December 2018, the calculated value of the combined MCR has been lower than the 25% floor of the SCR. In addition, the combined MCR falls below the Absolute Minimum Capital Requirement (AMCR) and therefore the MCR was set at the AMCR. As at 31 December 2019 the combined SCR is higher than and as such the SCR has become the benchmark.

The AMCR represents the floor below which FICL's capital requirement cannot fall. FICL's MCR is below the AMCR as at 31 December 2019, the AMCR is at 2.5 m euros (£2.127) at a 1.1753643 conversion rate. The AMCR reduced from that of 2018 3.6m euros as the company moved into the requirement for direct insurance.

The calculated SCR for 31 December 2019 is above the AMCR so the year-end regulatory capital requirement as at year-end 2019 is £3.95m.

The table below shows a comparison of the SCR calculated at 31 December 2019 with that at 31 December 2018.

Table 12: Comparison of SCR as at 31 Dec 2019 with that as at 31 Dec 2018

Net capital required (Solvency II best estimate basis)

Heads of risk	**31-Dec-19**	**31-Dec-18**	**Change**
	£'000	**£'000**	**£'000**
Non-Life Underwriting risk	3,115	2,809	306
Market risk	964	639	325
Counterparty default risk	387	424	-37
Sum of Risk Components	4,466	3,872	594
Diversification effects	-767	-600	-167
BSCR	3,699	3,272	427
Operational Risk	252	159	93
Adjustment for the effect of deferred taxes	(0)	(0)	0
Solvency Capital Requirement	**3,951**	**3,431**	**520**

The main changes in the SCR since 31 December 2019 reflect the following factors.

Non-Life Underwriting risk

The non-life underwriting risk component is made up of four elements; premium risk, reserve risk, lapse risk and catastrophe (CAT) risk. The capital requirement for non-life underwriting risk has increased by £0.306m over the last 12 months.

The main driver behind the increase in the capital requirement is the growth in premium volumes and exposures since the previous reporting date.

The premium risk for Solvency II is driven by the greater of the premiums for the next 12 months and that for the previous 12 months. Due to the growing portfolio, FICL's premium risk is currently driven by the premium for the next 12 months (i.e. 2020). The forecast earned premiums for 2020 are higher than 2019 and consequently the premium risk is higher.

As FICL's portfolio grows, reserve risk forms a more significant part of the underwriting risk.

Market risk

The Market risk capital requirement has seen an increase of £0.325m over the last 12 months. The factors resultant to the increase are the continuous transfer of cash from deposit to the portfolio, along with an increased appetite within the year of equities which carry a higher capital charge.

Counterparty default risk

The counterparty default risk capital requirement has seen a modest decrease of £0.037m over the last 12 months. The main driver behind this decrease is the rating of reinsurance partners & reinsurance risk mitigation.

Operational risk

The operational risk capital requirement has seen an increase of £0.093m over the last 12 months. Under the Standard Formula, operational risk is calculated as the maximum of a proportion of either the gross technical provisions (excluding risk margin) or gross earned premium (the greater of the amounts in the last 12 or 24 months), subject to a maximum of 30% of the calculated basic SCR.

The increase in capital requirement for operational risk is also attributed to the increase in earned premium over the last 12 months.

FICL's overall capital position

The table below shows FICL's capital position in relation to the SCR and the MCR.

Table 13: Summary of FICL's capital position at 31 December 2019

		SCR £'000	MCR £'000
Capital requirement		3,951	2,127
Own funds eligible	_	4,734	4,734
Headroom	**_**	**783**	**2,607**
Solvency ratio	_	120%	222%

By reference to the SCR and MCR, the Solvency II own funds exceed the capital requirements.

By these measures, FICL remains in a satisfactory capital position and the Board will therefore have some flexibility in some of the key decisions to be made over the next 12 months.

Risk Management Areas

- In order to manage the risk to the business from inadequate pricing and provisioning assumptions, FICL takes a prudent approach, prioritising financial security of the company, adherence to regulatory requirements and the protection of its policyholders. FICL oversees the claims management procedures outsourced to APC and ensures that provisioning is carried out in a prudent manner. This is set out under Section "Risk Profile – Non-Life Underwriting Risk".

- FICL has actively written business only since September 2015 and therefore does not have access to a full history of data in order to enable it to carry out pricing and provisioning activities using its own data. It therefore relies on its cedant, TMK & MS Amlin, and APC, to provide data which covers the past 15 years. This data is considered to be of a suitable quality and appropriate to FICL.

- The company aims to ensure that the investment assets that it holds ensure sufficient matching, in terms of both currency and duration of its liabilities, whilst maintaining sufficient liquidity to ensure timely payment of claims. On its investment portfolio, the company is exposed to systemic risks such as market-wide downturns, however the company aims to manage this risk through ensuring a well-diversified portfolio of well-rated securities.

- FICL does not have any off-balance sheet exposures.

- Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability. If a reinsurer fails to pay a claim, the Company remains liable for the payment to the policyholder. Based on the current risk profile of the company, it has assessed that excess of loss reinsurance is the most appropriate form of risk mitigation. The appropriateness of the risk mitigation techniques is regularly reviewed by the underwriting committee and through its reinsurance brokers, the company ensures that adequate risk mitigation is in place. This is explained in further detail in the Section "Risk Profile – Credit Risk".

Appendices

Folgate Insurance Company Limited – Overview (Governance Map)

Brian Russell BPR01021	• SMF1 - Chief Executive Function • SMF20 - Chief Actuary Function • Chairman of CGRS Committee • Chairman of Investment Committee
Ian Russell IPR01016	• SMF22 - Chief Underwriting Officer Function • Responsible for Insurance Mediation • Chairman of Underwriting Committee
Jon Bates JPB01182	• SMF4 - Chief Risk Function • SMF16- Compliance Oversight • Chairman of Claims Committee • Chairman Compliance & Conduct Committee
Zoe Spicer ZXS01177	• SMF2- Chief Finance Function • SMF17- Money Laundering Reporting • Financial risks in relation to climate change
Adrian Harris ACH01051	• SMF14 Senior Independent Director Function • Whistleblower's Champion
Stephen Mathers SDM01057	• SMF9 - Chairman Function • SMF11 - Chair of the audit committee
Paul Chapman PGC01092	• From M - Non Exec no SMR authoristions

Folgate Insurance Company Limited – Organisation Chart 3: (Governance Map)

The committee is led by the members name highlighted in **BOLD**

1. *Claims Committee (Meet Quarterly)*

Jon Bates (Chairman)
Paul Rabey
Zoe Spicer
Adrian Harris

2. *Underwriting Committee (Meet Quarterly)*

Ian Russell (Chairman)
Jon Bates
Adrian Harris

3. *Corporate Governance/ ORSA & Risk Strategy Committee (Meet Quarterly)*

Brian Russell
Paul Chapman
Stephen Mathers (Chairman)
Adrian Harris
Jon Bates
Ian Russell
Zoe Spicer

4. *Compliance & Conduct Committee (Meet Quarterly)*

Jon Bates (Chairman)
Paul Chapman
Adrian Harris
Clare Bates
Zoe Spicer

5. *Investment Committee (Meet Quarterly)*

Brian Russell (Chairman)
Stephen Mathers
Zoe Spicer

6. *Audit Committee- Non-executive (Quarterly)*

Stephen Mathers (Chairman)
Adrian Harris
Paul Chapman

Board Structure

Stephen Mathers (NE Chairman)
Brian Russell
Jon Bates
Ian Russell
Paul Chapman (NED)
Adrian Harris (NED)
Zoe Spicer

Folgate Insurance Company Limited

Solvency and Financial Condition Report

Disclosures

31 December

2019

(Monetary amounts in GBP thousands)

General information

Undertaking name	Folgate Insurance Company Limited
Undertaking identification code	213800KLCFTTGHFIDS36
Type of code of undertaking	LEI
Type of undertaking	Non-life undertakings
Country of authorisation	GB
Language of reporting	en
Reporting reference date	31 December 2019
Currency used for reporting	GBP
Accounting standards	IFRS
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

S.02.01.02 - Balance sheet
S.05.01.02 - Premiums, claims and expenses by line of business
S.05.02.01 - Premiums, claims and expenses by country
S.17.01.02 - Non-Life Technical Provisions
S.19.01.21 - Non-life insurance claims
S.19.01.21 - Non-life insurance claims
S.23.01.01 - Own Funds
S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

S.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	4
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	10,040
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	786
R0110	*Equities - listed*	786
R0120	*Equities - unlisted*	0
R0130	*Bonds*	8,494
R0140	*Government Bonds*	700
R0150	*Corporate Bonds*	7,794
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	760
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:	0
R0280	*Non-life and health similar to non-life*	0
R0290	*Non-life excluding health*	0
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding 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	2,649
R0420	Any other assets, not elsewhere shown	227
R0500	**Total assets**	12,920

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	7,816
R0520	*Technical provisions - non-life (excluding health)*	7,816
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	7,475
R0550	*Risk margin*	341
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	33
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)	0
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	0
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	337
R0900	**Total liabilities**	8,186
R1000	**Excess of assets over liabilities**	4,735

S.05.01.02
Premiums, claims and expenses by line of business

Non-life

	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	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written																	
R0110 Gross - Direct Business							5,195	3,773									8,968
R0120 Gross - Proportional reinsurance accepted							267	41									308
R0130 Gross - Non-proportional reinsurance accepted																	0
R0140 Reinsurers' share							2,239	1,127									3,366
R0200 Net							3,223	2,687				0					5,910
Premiums earned																	
R0210 Gross - Direct Business							2,412	1,807									4,219
R0220 Gross - Proportional reinsurance accepted							1,585	981									2,566
R0230 Gross - Non-proportional reinsurance accepted																	0
R0240 Reinsurers' share							1,194	659									1,853
R0300 Net							2,803	2,129				0					4,932
Claims incurred																	
R0310 Gross - Direct Business							888	934									1,822
R0320 Gross - Proportional reinsurance accepted							1,093	1,095									2,188
R0330 Gross - Non-proportional reinsurance accepted																	0
R0340 Reinsurers' share							273	183									456
R0400 Net							1,710	1,845				0					3,554
Changes in other technical provisions																	
R0410 Gross - Direct Business																	0
R0420 Gross - Proportional reinsurance accepted																	0
R0430 Gross - Non-proportional reinsurance accepted																	0
R0440 Reinsurers' share																	0
R0500 Net							0	0				0					0
R0550 **Expenses incurred**							850	646				0					1,496
R1200 **Other expenses**																	
R1300 **Total expenses**																	1,496

S.05.02.01
Premiums, claims and expenses by country

Non-life

	Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
	C0010	C0020	C0030	C0040	C0050	C0060	C0070
R0010		NL					
	C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written							
R0110 Gross - Direct Business	8,968	0					8,968
R0120 Gross - Proportional reinsurance accepted	-88	396					308
R0130 Gross - Non-proportional reinsurance accepted							0
R0140 Reinsurers' share	3,366						3,366
R0200 Net	5,513	396					5,910
Premiums earned							
R0210 Gross - Direct Business	4,219						4,219
R0220 Gross - Proportional reinsurance accepted	1,926	640					2,566
R0230 Gross - Non-proportional reinsurance accepted							0
R0240 Reinsurers' share	1,853						1,853
R0300 Net	4,292	640					4,932
Claims incurred							
R0310 Gross - Direct Business	1,822						1,822
R0320 Gross - Proportional reinsurance accepted	1,566	622					2,188
R0330 Gross - Non-proportional reinsurance accepted							0
R0340 Reinsurers' share	456						456
R0400 Net	2,932	622					3,554
Changes in other technical provisions							
R0410 Gross - Direct Business							0
R0420 Gross - Proportional reinsurance accepted							0
R0430 Gross - Non-proportional reinsurance accepted							0
R0440 Reinsurers' share							0
R0500 Net	0	0					0
R0550 **Expenses incurred**	1,470	26					1,496
R1200 **Other expenses**							
R1300 **Total expenses**							1,496

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Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	Technical provisions calculated as a whole							0	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 calculated as a whole																	0
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross							[illegible]	[illegible]				0					[illegible]
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default							[illegible]	[illegible]									[illegible]
R0150	Net Best Estimate of Premium Provisions							[illegible]	[illegible]				0					[illegible]
	Claims provisions																	
R0160	Gross							[illegible]	[illegible]				0					[illegible]
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default							[illegible]	[illegible]									[illegible]
R0250	Net Best Estimate of Claims Provisions							[illegible]	[illegible]				0					[illegible]
R0260	Total best estimate - gross							[illegible]	[illegible]				0					[illegible]
R0270	Total best estimate - net							[illegible]	[illegible]				0					[illegible]
R0280	Risk margin							[illegible]	[illegible]									[illegible]
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole																	0
R0300	Best estimate																	0
R0310	Risk margin																	0
R0320	Technical provisions - total							[illegible]	[illegible]				0					[illegible]
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total							[illegible]	[illegible]				0					[illegible]
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total							[illegible]	[illegible]				0					[illegible]

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Non-Life insurance claims

Total Non-life business

Z0020 **Accident year / underwriting year** Accident Year

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

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year	Development year											**In Current year**	**Sum of years (cumulative)**
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											0	0	0
R0160	2010	0	0	0	0	0	0	0	0	0	0		0	0
R0170	2011	0	0	0	0	0	0	0	0	0			0	0
R0180	2012	0	0	0	0	0	0	0	0				0	0
R0190	2013	0	0	0	0	0	0	0					0	0
R0200	2014	0	0	0	0	0	0						0	0
R0210	2015	0	0	0	0	0							0	0
R0220	2016	0	0	0	0								0	0
R0230	2017	0	0	0									0	0
R0240	2018	0	0										0	0
R0250	2019	0											0	0
R0260												**Total**	0	0

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
	Year	Development year											**Year end (discounted data)**
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											0	0
R0160	2010	0	0	0	0	0	0	0	0	0	0		0
R0170	2011	0	0	0	0	0	0	0	0	0			0
R0180	2012	0	0	0	0	0	0	0	0				0
R0190	2013	0	0	0	0	0	0	0					0
R0200	2014	0	0	0	0	0	0						0
R0210	2015	0	0	0	0	0							0
R0220	2016	0	0	0	0								0
R0230	2017	0	0	0									0
R0240	2018	0	0										0
R0250	2019	0											0
R0260												**Total**	0

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Non-Life insurance claims

Total Non-life business

	Accident year / underwriting year	
Z0020	Accident year / underwriting year	Underwriting Year

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

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year	Development year 0	1	2	3	4	5	6	7	8	9	10 & +	In Current year	Sum of years (cumulative)
R0100	Prior											14	14	14
R0160	2010	0	0	0	0	0	0	0	0	0	0		0	0
R0170	2011	0	0	0	0	0	0	0	0	0			0	0
R0180	2012	0	0	0	0	0	0	0	0				0	0
R0190	2013	0	0	0	0	0	0	0					0	0
R0200	2014	0	0	0	0	0	0						0	0
R0210	2015	3	231	141	46	70							70	491
R0220	2016	224	711	445	122								122	1,501
R0230	2017	261	1,239	692									692	2,192
R0240	2018	285	1,579										1,579	1,863
R0250	2019	261											261	261
R0260												Total	2,738	6,323

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
	Year	Development year 0	1	2	3	4	5	6	7	8	9	10 & +	Year end (discounted data)
R0100	Prior											114	113
R0160	2010	0	0	0	0	0	0	0	0	0	0		0
R0170	2011	0	0	0	0	0	0	0	0	0			0
R0180	2012	0	0	0	0	0	0	0	0				0
R0190	2013	0	0	0	0	0	0	0					0
R0200	2014	0	0	0	0	0	0						0
R0210	2015	0	415	213	191	113							111
R0220	2016	864	1,137	580	566								559
R0230	2017	1,126	2,021	1,466									1,448
R0240	2018	1,500	2,091										2,067
R0250	2019	1,226											1,213
R0260												Total	5,511

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Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	4,406	4,406		0	
R0030	Share premium account related to ordinary share capital	0	0		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	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	362	362			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	-33				-33
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
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				
R0230	Deductions for participations in financial and credit institutions	0	0	0	0	
R0290	Total basic own funds after deductions	4,735	4,768	0	0	-33
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	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				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	Total ancillary own funds	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	4,735	4,768	0	0	-33
R0510	Total available own funds to meet the MCR	4,768	4,768	0	0	
R0540	Total eligible own funds to meet the SCR	4,735	4,768	0	0	-33
R0550	Total eligible own funds to meet the MCR	4,768	4,768	0	0	
R0580	SCR	3,950				
R0600	MCR	2,127				
R0620	Ratio of Eligible own funds to SCR	119.85%				
R0640	Ratio of Eligible own funds to MCR	224.15%				
	Reconciliation reserve	C0060				
R0700	Excess of assets over liabilities	4,735				
R0710	Own shares (held directly and indirectly)	0				
R0720	Foreseeable dividends, distributions and charges					
R0730	Other basic own fund items	4,373				
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0				
R0760	Reconciliation reserve	362				
	Expected profits					
R0770	Expected profits included in future premiums (EPIFP) - Life business					
R0780	Expected profits included in future premiums (EPIFP) - Non- life business					
R0790	Total Expected profits included in future premiums (EPIFP)	0				

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Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	964		
R0020	Counterparty default risk	387		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	3,115		
R0060	Diversification	-768		
R0070	Intangible asset risk	0		
R0100	Basic Solvency Capital Requirement	3,699		

USP Key

For life underwriting risk:
1 - Increase in the amount of annuity benefits
9 - None

For health underwriting risk:
1 - Increase in the amount of annuity benefits
2 - Standard deviation for NSLT health premium risk
3 - Standard deviation for NSLT health gross premium risk
4 - Adjustment factor for non-proportional reinsurance
5 - Standard deviation for NSLT health reserve risk
9 - None

For non-life underwriting risk:
4 - Adjustment factor for non-proportional reinsurance
6 - Standard deviation for non-life premium risk
7 - Standard deviation for non-life gross premium risk
8 - Standard deviation for non-life reserve risk
9 - None

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	252
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	0
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**	3,950
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	3,950
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

	Approach to tax rate	C0109
R0590	Approach based on average tax rate	0

	Calculation of loss absorbing capacity of deferred taxes	LAC DT
		C0130
R0640	LAC DT	0
R0650	LAC DT justified by reversion of deferred tax liabilities	0
R0660	LAC DT justified by reference to probable future taxable economic profit	0
R0670	LAC DT justified by carry back, current year	0
R0680	LAC DT justified by carry back, future years	0
R0690	Maximum LAC DT	0

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

		C0010
	Linear formula component for non-life insurance and reinsurance obligations	
R0010	MCR_{NL} Result	1,347

		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 expense insurance and proportional reinsurance	0	
R0030	Income protection insurance and proportional reinsurance	0	
R0040	Workers' compensation insurance and proportional reinsurance	0	
R0050	Motor vehicle liability insurance and proportional reinsurance	0	
R0060	Other motor insurance and proportional reinsurance	0	
R0070	Marine, aviation and transport insurance and proportional reinsurance	0	
R0080	Fire and other damage to property insurance and proportional reinsurance	2,511	3,114
R0090	General liability insurance and proportional reinsurance	4,964	2,796
R0100	Credit and suretyship insurance and proportional reinsurance	0	
R0110	Legal expenses insurance and proportional reinsurance	0	
R0120	Assistance and proportional reinsurance	0	
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	
R0140	Non-proportional health reinsurance	0	
R0150	Non-proportional casualty reinsurance	0	
R0160	Non-proportional marine, aviation and transport reinsurance	0	
R0170	Non-proportional property reinsurance	0	

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

		C0070
	Overall MCR calculation	
R0300	Linear MCR	1,347
R0310	SCR	3,950
R0320	MCR cap	1,778
R0330	MCR floor	988
R0340	Combined MCR	1,347
R0350	Absolute floor of the MCR	2,127
R0400	**Minimum Capital Requirement**	2,127