



Solvency II
Financial Condition Report (SFCR)
– 31.12.18

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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 2018. 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 underwrites a reinsurance portfolio of Property, Liability and Professional Indemnity business.

In February 2018 Stephen Wainwright was deceased and has been removed from the Board. Zoe Spicer was appointed CFO in May 2018.

In June 2018 Paul Chapman was appointed as Non-Executive Director and Charles Earle stepped down Non-Executive Director in September 2018.

The financial statements for the year ended 31 December 2018 show a negative result of £465k for the company pre-tax and £371k post tax. FICL has seen a steady growth in written premiums since recommencing underwriting in September 2015, with a total written premium of £4.4m in 2018 compared to £4.1m in 2017.

Outward Reinsurance costs have increased by £102k over the past 12 months consistent with the growth in the portfolio.

The investment income & net losses/gains in the financial year was -£122k, which represents a reduction of £356k from the previous year. This was on average invested capital amount of £7.3M.

Gross claims payments in the year for the new active business were £1,985k compared to £1,063k in 2017, due to the maturing of the business. The claims performance of the legacy run-off portfolio incurred £9k due to new claims notified.

The company maintains a separate claims reserve for the run-off portfolio.

Operating costs have increased compared to 2017 by £66k largely due to the AM Best rating fee.

The actual investment return achieved for the year, was a loss of at £122k including fees, largely due to change market conditions, uncertainty & Brexit. More detailed commentary on the investment performance is set out in the investment report below. During the year £2.75 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.

By Order of the Board

A handwritten signature in black ink, appearing to read 'Z Spicer', with a stylized flourish at the end.

Zoe Spicer
Director

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.

Business and performance

Business

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 reinsurance business and in 2018 was granted regulatory approval to transact direct general insurance business.



On the 6 August 2015 FICL was approved by the Prudential Regulation Authority ('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.

FICL's reinsurance business emanates from Tokio Marine Kiln (TMK) who are 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. Since 1 September 2015, the Company has underwritten quota share reinsurance contracts in support of this business. Premiums and claims arising on this 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'.

FICL's administration is handled under a service level agreement by APC.

The Principal activity of the Company is the transaction of reinsurance on general insurance business, underwriting a niche portfolio of SME commercial lines business on a quota share basis in the United Kingdom and Holland, with business written in the UK comprising approximately 90% of the overall portfolio of business.

In 2018 FICL received approval from the Prudential Regulation Authority (PRA) to write direct insurance and as a result will see 2019 shift from the reinsurance of the APC book to a direct coinsurance with the same line share of 30%. The remaining 70% co-insurer will be MS Amlin. FICL will write 100% of the delegated binders of APC, with outwards reinsurance cession of 70%.

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>

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

Regulation

FICL is regulated by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (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/pru 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 2018 (based on UK GAAP)
shown net of Investment fees**

	£’000
Net Premiums Written	4,468
Change in gross provision for unearned premium	(155)
Reinsurers Share	(566)
Claims Incurred	(3,868)
Net operating & investment expenses	(270)
Balance on the technical account	<u>(391)</u>

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

With FICL recommencing its underwriting activity in September 2015, FICL’s claims experience

is limited and therefore FICL relies on other collateral information from APC for the purposes of its reserving analysis. The legacy 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 -1.31% for the year to 31 December 2018 compared to the target return of +2% net of investment fees. The majority of the investments are in individual bonds and equities with around 10% 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 2018.

**Table 2: FICL's investment portfolio asset classes as at
31 December 2018**

Asset Class	% of portfolio
Equities	12.92%
Bonds	73.75%
Property	0.00%
Cash	13.33%
	<u>100%</u>

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 2018, FICL produced a pre-tax loss of £466k (£492K profit 2017) and the UK GAAP balance sheet assets increased to £11m (£8.6m 2017).

Own funds for Solvency II proposes, measured on a best estimate basis, stood at £4.13m (£3.6M 2017).

In October 2018 the Company issued an additional 200,000 fully paid up ordinary shares which is classified as tier one capital in accordance with the Solvency II directive. This increased the company's available capital by £1 million.

The overall solvency position of FICL at 31 December 2018 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 at least annually on the basis that its solvency needs and capital positions are not volatile and that the business's risk profile is stable. However, it will also carry out additional ORSAs as a result of specific triggers which are set out in the ORSA Policy.

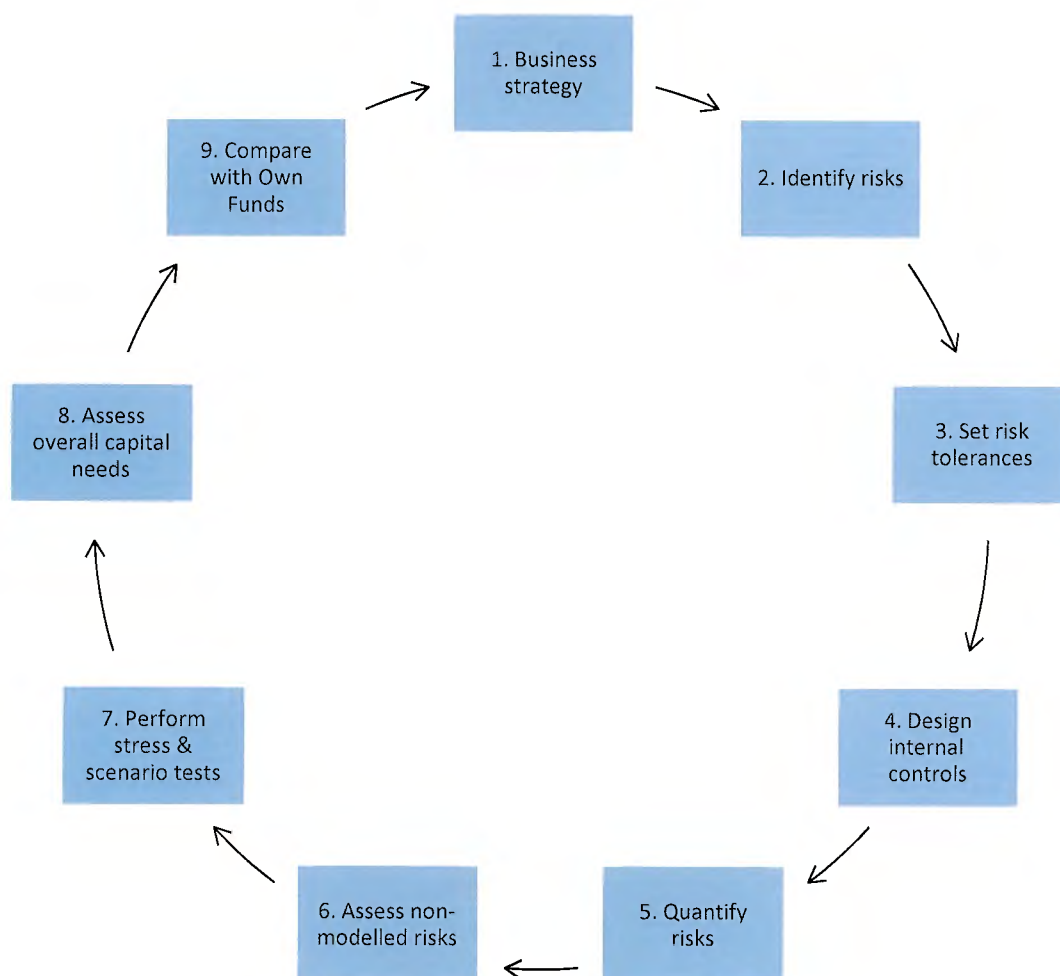
ORSA governance

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 2018.

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. One internal audit was carried out during 2018 (May) by Magi Associates and Sandpiper was engaged from October 2018. Sandpiper replaced Magi as Paul Chapman owner of Magi Associates joined the Board in June 2018. This audit did not return any material findings. There are 2 planned audits throughout 2019.

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 Financial 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 Moore Stephens LLP ("MS") in 2018, prior to its merger with BDO LLP in February 2019. MS/BDO 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.

Shortly before the merger of BDO LLP and the Moore Stephens LLP practice on 4 February 2019, it was established that, upon merger, there would be a breach of the FRC's Ethical Standard in respect of certain services provided to the company. Prior to the merger, BDO LLP provided statutory auditor services to the company and Moore Stephens LLP provided actuarial services. Upon the merger both these were provided by BDO LLP, which is in breach of the FRC's Ethical Standard.

The directors concluded that having to change auditor or actuaries shortly before the regulatory deadlines would place significant burden on the relevant members of the company's staff and posed unacceptable risks with respect to the quality of both the actuarial work and the audit, and would not be in the public interest. After consulting the audit committee Chairman, the directors asked for the existing arrangements to continue in respect of the current year end audit. This matter was discussed with the relevant regulators.

Following completion of both actuarial and audit services, with the agreement of the Board of Directors BDO LLP resigned as actuarial service provider on in April 2019.

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 from Tokio Marine Kiln, 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.

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 volume of business written by FICL has remained relatively stable over 2018 compared to 2017. 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. Due to the change in the way this business is written from 2019 the GWP will increase significantly to in excess of £9m.

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 which considers how the mitigating factors to achieve the necessary objectives could be improved and makes recommendations to the Board. Investments comprise of 71.54% (2017: 73.22%) fixed interest securities and 13.56% (2017 10.76%) floating rate securities. There have been no material changes to the exposure to interest rate risk over the reporting period.

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 2018 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 2018

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 reinsurance 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

31 December 2017	AAA	AA	A	BBB	Not Rated	Total
	£000	£000	£000	£000	£000	£000
Other Financial investments – debt securities	405	2,451	1,639	990	-	5,485
Other Financial investments – Equities	-	45	209	253	540	1,047
Debtors arising out of reinsurance operations	-	-	1,343	-	-	1,343
Cash at bank and in hand	-	-	-	710	-	710
	405	2,496	3,191	1,953	540	8,585

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 will not be writing 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 2018

	Assets per GAAP £'000	Assets per Solvency II £'000
Financial investments	8,125	8,125
Bonds	6,793	6,793
Equities	588	588
Collective Investment Undertakings	744	744
Insurance Receivable	1,002	0
Reinsurers' Share of Technical Provisions	5	(297)
Deferred Tax Asset	100	143
Cash	1,814	1,814
Other assets	6	0
Total assets	<u>11,052</u>	<u>9,785</u>

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 2018. 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 2019 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 2018, FICL held technical provisions, valued for Solvency II purposes, of £5.93m (2017 £3.36m).

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 2018

	Technical provisions per GAAP £'000	Technical provisions per Solvency II £'000
Best Estimate	6,703	5,622
Risk margin	0	303
Total	6,703	5,925

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 2018

	Fire and other damage to property insurance £'000	General Liability Insurance £'000	Total £'000
Gross Premium Provision	635	314	949
Recoverables from Reinsurance	(186)	(116)	(302)
Net Premium Provision	821	430	1,251
Gross Claims Provision	1,722	2,649	4,371
Recoverables from reinsurance	0	0	0
Net Claims Provision	1,722	2,649	4,371
Total Best Estimate – Gross	2,357	2,963	5,320
Total Best Estimate – Net	2,543	3,079	5,622
Risk Margin	137	166	303
Total	2,679	3,246	5,925

Actuarial reserving

The ultimate responsibility for setting Technical provisions lies with the Board. The Company engaged external actuarial consultants BDO (previously MS) to perform a full actuarial study of the reserves at 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 last quarter of 2015 and therefore relies on data from its cedant TMK, ultimately from APCs data, in order to perform its actuarial analysis. However, the nature of the quota share arrangement between FICL and APC/TMK 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% to 15% 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.

Solvency II Technical Provisions (TP) methodology

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 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 claims provisions** – Solvency II requires technical provisions to be reserved on a best estimate basis with no implicit margins. The company considers its statutory reserves to be broadly on a best estimate basis and therefore no material adjustments

are necessary. A minor adjustment of £4.6k is made to account for the difference between the actuarial estimates and the balance sheet reserves.

The latency loading within the statutory reserves is considered to be adequate for ENIDS provisions required under Solvency II.

No explicit claims-handling provision or other run-off expense provision is held. This is because the contractual arrangements between APC, TMK and FICL's reinsurance of TMK are such that APC is obligated to handle all claims on behalf of TMK, and by extension, those of FICL, to expiry.

Impact of Change: +£4.6k

- **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.

Impact of Change: +£376k

- **Reinsurer's share of Technical Provisions** – There are no material recoveries on the claims provisions 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 2019 calendar year.

Impact of Change: -£302k

- **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.

Impact of Change: +£80k

- **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.

Impact of Change: -£303k

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

	£ 000's
Total Available Capital GAAP Q4 2018	4,324
<u>Solvency II Adjustments</u>	
Assets	
RI Technical Provisions (Decrease in Surplus)	-302
Plant, Equipment and other assets (Decrease in Surplus)	-6
Technical Provisions	
Gross TP (Increase in Surplus)	381
Risk Margin (Decrease in Surplus)	-303
Deferred Tax Liability (Increase in Surplus)	42
Own Funds Solvency II Q4 2018	4,136

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 2017 and Dec 2018. The increase in the best estimate is due to the growth in the business.

Table 8: Technical Provisions as at Dec 2017 vs Dec 2018

	Technical provisions as at Dec 2017 £'000	Technical provisions as at Dec 2018 £'000
Best Estimate	3,200	5,622
Risk margin	256	303
Total	3,456	5,925

Other liabilities

The table below sets out the value of FICL's other liabilities at 31 December 2018.

Table 9: Valuation of FICL's other liabilities

	Liabilities per GAAP	Liabilities per Solvency II
	£'000	£'000
Other creditors	25	25
Reinsurance creditors	0	0
Other liabilities	25	25

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. FICL issued an additional 200,000 (£5) fully paid ordinary shares in October 2018 with an aggregated value of £1,000,000. This is treated as Tier One own funds for Solvency II purposes.

At 31 December 2018 and 2017, FICL held the following own funds.

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

	31-Dec 2018 £'000	31-Dec 2017 £'000	Movement £'000
Share Capital	4,406	3,406	1,000
Net Deferred Tax Asset	142	11	131
Reconciliation Reserve	-412	262	-674
Total adjusted resources	4,136	3,679	457

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 2018 and Forecast

Net capital required (Solvency II best estimate basis)

Heads of risk	31 Dec 2018 £'000
Non-Life Underwriting risk	2,809
Market risk	639

Counterparty default risk	424
Sum of Risk Components	<u>3,872</u>
Diversification Effects	(600)
BSCR	3,272
Operational Risk	159
Adjustment for effect of deferred	(0)
Solvency Capital Requirement	3,431
Minimum Capital Requirement	3,199

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 both 31 December 2017 and 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 has been set at the AMCR.

The AMCR represents the floor below which FICL's capital requirement cannot fall. FICL's MCR is below the AMCR as at 31 December 2018, the AMCR is at 3.6m euros (£3.199) at a 1.12520 conversion rate. The calculated SCR for 31 December 2018 is above the AMCR so the year-end regulatory capital requirement as at year-end 2018 is £3.43m.

The table below shows a comparison of the SCR calculated at 31 December 2018 with that at 31 December 2017.

Table 12: Comparison of SCR as at 31 Dec 2018 with that as at 31 Dec 2017

Net capital required (Solvency II best estimate basis)

Heads of risk	31-Dec-18	31-Dec-17	Change
	£'000	£'000	£'000
Non-Life Underwriting risk	2,809	2,267	542
Market risk	639	656	(17)
Counterparty default risk	424	323	101
Sum of Risk Components	<u>3,872</u>	<u>3,246</u>	<u>626</u>
Diversification effects	-600	-552	(48)

BSCR	3,272	2,694	578
Operational Risk	159	128	31
Adjustment for the effect of deferred taxes	(0)	(86)	86
Solvency Capital Requirement	<u>3,431</u>	<u>2,736</u>	<u>695</u>

The main changes in the SCR since 31 December 2017 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 £0.542m 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. 2019). The forecast earned premiums for 2019 are higher than 2018 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 a modest decrease of £0.017m over the last 12 months. The diversification and credit rating mix of FICL's investment portfolio has broadly remained the same over the year and therefore there is no significant change in the Market risk charge.

Counterparty default risk

The counterparty default risk capital requirement has seen a modest increase of £0.101m over the last 12 months. The main driver behind this increase was the growth in the level of Type 1 counterparty exposure relating to cash-holdings and reinsurance risk mitigation.

Operational risk

The operational risk capital requirement has seen a small increase of £0.031m 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.

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 2018

		SCR £'000	MCR £'000
Capital requirement		3,431	3,199
Own funds eligible	—	4,136	3,993
Headroom	—	705	794
Solvency ratio	—	120%	125%

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, 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	<ul style="list-style-type: none">• SIMF1 - Chief Executive Function• SIMF20 - Chief Actuary Function• Chairman of CGRS Committee• Chairman of Investment Committee
Ian Russell IPR01016	<ul style="list-style-type: none">• SIMF22 - Chief Underwriting Officer Function• Responsible for Insurance Mediation• Chairman of Underwriting Committee
Jon Bates JPB01182	<ul style="list-style-type: none">• SIMF4 - Chief Risk Function• SIMF5 - Head of Internal Audit Function• CF10- Compliance Oversight - Converts to SMF16• Chairman of Claims Committee• Chairman Compliance & Conduct Committee
Zoe Spicer ZXS01177	<ul style="list-style-type: none">• SIMF2- Chief Finance Function• CF11- Money Laundering Reporting - Converts to SMF17• CF28- Systems & Controls - no conversion SMF function
Adrian Harris ACH01051	<ul style="list-style-type: none">• SIMF14 Senior Independent Director Function• Whistleblower's Champion
Stephen Mathers SDM01057	<ul style="list-style-type: none">• SIMF9 - Chairman Function• SIMF11 - Chair of the audit committee
Paul Chapman PGC01092	<ul style="list-style-type: none">• From M - Non Exec no SIMR authorisations

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

1. Claims Committee (Meet Quarterly)

Jon Bates (Chairman)

Ian Russell
Adrian Harris
Scott Dickenson
Zoe Spicer

2. Underwriting Committee (Meet Quarterly)

Ian Russell (Chairman)

Jon Bates
Adrian Harris

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

Brian Russell (Chairman)

Stephen Mathers
Adrian Harris
Paul Chapman
Jon Bates
Ian Russell
Zoe Spicer

4. Compliance & Conduct Committee (Meet Quarterly)

Jon Bates (Chairman)

Adrian Harris
Paul Chapman
Clare Bates
Zoe Spicer

5. Investment Committee (Meet Quarterly)

Brian Russell (Chairman)

Zoe Spicer
Stephen Mathers

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

Stephen Mathers (Chairman)

Adrian Harris
Paul Chapman

Board Structure

Stephen Mathers (NE Chairman)
Brian Russell (Executive Director)
Jon Bates (Executive Director)
Ian Russell (Executive Director)
Stephen Mathers (NED)
Adrian Harris (NED)
Paul Chapman (NED)
Zoe Spicer (Executive Director & Company Secretary)

Folgate Insurance Company Limited

Solvency and Financial Condition Report

Disclosures

(Monetary amounts in GBP thousands)

S.01.02.01

Basic information - General

General Information

R0010	Undertaking name
R0020	Undertaking identification code
R0030	Type of code of undertaking
R0040	Type of undertaking
R0050	Country of authorisation
R0070	Language of reporting
R0080	Reporting submission date
R0081	Financial year end
R0090	Reporting reference date
R0100	Regular/Ad-hoc submission
R0110	Currency used for reporting
R0120	Accounting standards
R0130	Method of Calculation of the SCR
R0140	Use of undertaking specific parameters
R0150	Ring-fenced funds
R0170	Matching adjustment
R0180	Volatility adjustment
R0190	Transitional measure on the risk-free interest rate
R0200	Transitional measure on technical provisions
R0210	Initial submission or re-submission
R0250	Exemption of reporting ECAI information

C0010	
Folgate Insurance Company Limited	
213800KLCFTTGHFID336	
LEI	
Reinsurance undertakings	
GB	
en	
2019-04-02	
2018-12-31	
2018-12-31	
Regular reporting	
GBP	
IFRS	
Standard formula	
Don't use undertaking specific parameters	
Not reporting activity by RFF	
No use of matching adjustment	
No use of volatility adjustment	
No use of transitional measure on the risk-free interest rate	
No use of transitional measure on technical provisions	
Initial submission	
Not exempted	

S.02.01.01
Balance sheet

Assets

	Solvency II value	Statutory accounts value
	C0010	C0020
R0010 Goodwill		
R0020 Deferred acquisition costs		
R0030 Intangible assets		
R0040 Deferred tax assets	142,477	99,901.81
R0050 Pension benefit surplus		
R0060 Property, plant & equipment held for own use	0.00	6,500.00
R0070 Investments (other than assets held for index-linked and unit-linked contracts)	8,125,120.00	8,125,120.00
R0080 <i>Property (other than for own use)</i>	0.00	
R0090 <i>Holdings in related undertakings, including participations</i>	0.00	
R0100 <i>Equities</i>	587,513.00	587,513.00
R0110 <i>Equities - listed</i>	587,513	587,513.00
R0120 <i>Equities - unlisted</i>		
R0130 <i>Bonds</i>	6,792,936.00	6,792,936.00
R0140 <i>Government Bonds</i>	418,600.00	418,600.00
R0150 <i>Corporate Bonds</i>	6,374,336.00	6,374,336.00
R0160 <i>Structured notes</i>	0.00	
R0170 <i>Collateralised securities</i>	0.00	
R0180 <i>Collective Investments Undertakings</i>	744,671.00	744,671.00
R0190 <i>Derivatives</i>		
R0200 <i>Deposits other than cash equivalents</i>	0.00	
R0210 <i>Other investments</i>	0.00	
R0220 Assets held for index-linked and unit-linked contracts		
R0230 Loans and mortgages	0.00	0.00
R0240 <i>Loans on policies</i>	0.00	
R0250 <i>Loans and mortgages to individuals</i>		
R0260 <i>Other loans and mortgages</i>		
R0270 Reinsurance recoverables from:	-297,088.22	0.00
R0280 <i>Non-life and health similar to non-life</i>	-297,088.22	0.00
R0290 <i>Non-life excluding health</i>	-297,088.22	
R0300 <i>Health similar to non-life</i>	0.00	
R0310 <i>Life and health similar to life, excluding index-linked and unit-linked</i>	0.00	0.00
R0320 <i>Health similar to life</i>		
R0330 <i>Life excluding health and index-linked and unit-linked</i>		
R0340 <i>Life index-linked and unit-linked</i>		
R0350 Deposits to cedants	0.00	
R0360 Insurance and intermediaries receivables		1,002,122.23
R0370 Reinsurance receivables		
R0380 Receivables (trade, not insurance)		
R0390 Own shares (held directly)		
R0400 Amounts due in respect of own fund items or initial fund called up but not yet paid in	0.00	
R0410 Cash and cash equivalents	1,814,033.25	1,814,033.33
R0420 Any other assets, not elsewhere shown	0.00	0.00
R0500 Total assets	9,784,541.89	11,047,677.37

	Solvency II value	Statutory accounts value
	C0010	C0020
Liabilities		
30510 Technical provisions - non-life	5,623,086.02	6,703,250.74
30520 <i>Technical provisions - non-life (excluding health)</i>	5,623,086.02	6,703,250.74
30530 <i>TP calculated as a whole</i>	0.00	
30540 <i>Best Estimate</i>	5,319,959.18	
30550 <i>Risk margin</i>	303,126.84	
30560 <i>Technical provisions - health (similar to non-life)</i>	0.00	
30570 <i>TP calculated as a whole</i>	0.00	
30580 <i>Best Estimate</i>	0.00	
30590 <i>Risk margin</i>	0.00	
30600 Technical provisions - life (excluding index-linked and unit-linked)	0.00	0.00
30610 <i>Technical provisions - health (similar to life)</i>	0.00	
30620 <i>TP calculated as a whole</i>		
30630 <i>Best Estimate</i>		
30640 <i>Risk margin</i>		
30650 <i>Technical provisions - life (excluding health and index-linked and unit-linked)</i>	0.00	
30660 <i>TP calculated as a whole</i>		
30670 <i>Best Estimate</i>		
30680 <i>Risk margin</i>		
30690 Technical provisions - index-linked and unit-linked	0.00	
30700 <i>TP calculated as a whole</i>		
30710 <i>Best Estimate</i>		
30720 <i>Risk margin</i>		
30730 Other technical provisions		
30740 Contingent liabilities		
30750 Provisions other than technical provisions		
30760 Pension benefit obligations		
30770 Deposits from reinsurers		
30780 Deferred tax liabilities		
30790 Derivatives		
30800 Debts owed to credit institutions		
30810 Financial liabilities other than debts owed to credit institutions		
30820 Insurance & intermediaries payables		
30830 Reinsurance payables		
30840 Payables (trade, not insurance)		
30850 Subordinated liabilities	0.00	0.00
30860 <i>Subordinated liabilities not in BCF</i>		
30870 <i>Subordinated liabilities in BCF</i>	0.00	
30880 Any other liabilities, not elsewhere shown	25,359.25	25,359.25
30900 Total liabilities	5,648,445.27	6,728,609.99
31000 Excess of assets over liabilities	4,136,096.62	4,319,067.38

S.05.01.01
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)			Total
	Fire and other damage to property insurance	General liability insurance	Miscellaneous financial loss	
	C0070	C0080	C0120	
Premiums written				
R0110 Gross - Direct Business				0.00
R0120 Gross - Proportional reinsurance accepted	2,619,659.98	1,848,580.39		4,468,240.37
R0130 Gross - Non-proportional reinsurance accepted				0.00
R0140 Reinsurers' share	332,186.47	234,409.65		566,596.12
R0200 Net	2,287,473.51	1,614,171.34	0.00	3,901,644.85
Premiums earned				
R0210 Gross - Direct Business				0.00
R0220 Gross - Proportional reinsurance accepted	2,551,461.97	1,762,105.02		4,313,566.99
R0230 Gross - Non-proportional reinsurance accepted				0.00
R0240 Reinsurers' share	335,141.00	231,455.15		566,596.15
R0300 Net	2,216,340.97	1,530,649.87	0.00	3,746,990.84
Claims incurred				
R0310 Gross - Direct Business		8,873.95		8,873.95
R0320 Gross - Proportional reinsurance accepted	2,696,655.69	1,162,667.34		3,859,323.03
R0330 Gross - Non-proportional reinsurance accepted				0.00
R0340 Reinsurers' share				0.00
R0400 Net	2,696,655.69	1,171,541.29	0.00	3,868,196.98
Changes in other technical provisions				
R0410 Gross - Direct Business				0.00
R0420 Gross - Proportional reinsurance accepted				0.00
R0430 Gross - Non-proportional reinsurance accepted				0.00
R0440 Reinsurers' share				0.00
R0500 Net	0.00	0.00	0.00	0.00
Expenses incurred	158,586.84	111,307.83	0.00	270,494.73
Administrative expenses				
R0610 Gross - Direct Business				0.00
R0620 Gross - Proportional reinsurance accepted	130,421.03	92,032.50		222,453.53
R0630 Gross - Non-proportional reinsurance accepted				0.00
R0640 Reinsurers' share				0.00
R0700 Net	130,421.03	92,032.50	0.00	222,453.53
Investment management expenses				
R0710 Gross - Direct Business				0.00
R0720 Gross - Proportional reinsurance accepted	28,165.81	19,875.33		48,041.20
R0730 Gross - Non-proportional reinsurance accepted				0.00
R0740 Reinsurers' share				0.00
R0800 Net	28,165.81	19,875.33	0.00	48,041.20
Claims management expenses				
R0810 Gross - Direct Business				0.00
R0820 Gross - Proportional reinsurance accepted				0.00
R0830 Gross - Non-proportional reinsurance accepted				0.00
R0840 Reinsurers' share				0.00
R0900 Net	0.00	0.00	0.00	0.00
Acquisition expenses				
R0910 Gross - Direct Business				0.00
R0920 Gross - Proportional reinsurance accepted				0.00
R0930 Gross - Non-proportional reinsurance accepted				0.00
R0940 Reinsurers' share				0.00
R1000 Net	0.00	0.00	0.00	0.00
Overhead expenses				
R1010 Gross - Direct Business				0.00
R1020 Gross - Proportional reinsurance accepted				0.00
R1030 Gross - Non-proportional reinsurance accepted				0.00
R1040 Reinsurers' share				0.00
R1100 Net	0.00	0.00	0.00	0.00
R1200 Other expenses				
R1300 Total expenses				270,494.73

		Direct business and accepted proportional reinsurance			Total Non-Life obligation
		Fire and other damage to property insurance	General liability insurance	Miscellaneous financial loss	
		C0060	C0090	C0130	C0160
R0010	Technical provisions calculated as a whole	0.00	0.00	0.00	0.00
R0030	Accepted proportional reinsurance business				0.00
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				0.00
Technical provisions calculated as a sum of BE and RM					
Best estimate					
Premium provisions					
R0080	Gross - Total	635,029.95	314,001.59	0.00	949,031.54
R0080	Gross - accepted proportional reinsurance business	635,029.95	314,001.59		949,031.54
R0100	Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	-185,716.28	-116,405.42	0.00	-302,121.71
R0110	Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	-185,716.28	-116,405.42		-302,121.71
R0120	Recoverables from SPV before adjustment for expected losses				0.00
R0130	Recoverables from Finite Reinsurance before adjustment for expected losses				0.00
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	-185,716.28	-116,405.42		-302,121.71
R0150	Net Best Estimate of Premium Provisions	820,746.23	430,407.02	0.00	1,251,153.25
Claims provisions					
R0160	Gross - Total	1,721,764.25	2,649,163.39	0.00	4,370,927.65
R0160	Gross - accepted proportional reinsurance business	1,721,764.25	2,649,163.39		4,370,927.65
R0200	Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	0.00	5,033.49	0.00	5,033.49
R0210	Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses		5,033.49		5,033.49
R0220	Recoverables from SPV before adjustment for expected losses				0.00
R0230	Recoverables from Finite Reinsurance before adjustment for expected losses				0.00
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default		5,033.49		5,033.49
R0250	Net Best Estimate of Claims Provisions	1,721,764.25	2,644,129.90	0.00	4,365,894.15
R0260	Total best estimate - gross	2,356,794.20	2,963,164.98	0.00	5,319,959.18
R0270	Total best estimate - net	2,542,510.48	3,074,536.92	0.00	5,617,047.40
R0280	Risk margin	137,085	166,042	0.00	303,126.84
Amount of the transitional on Technical Provisions					
R0290	TP as a whole				0.00
R0300	Best estimate				0.00
R0310	Risk margin				0.00
R0320	Technical provisions - total	2,493,879.24	3,129,206.78	0.00	5,623,086.02
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default	-185,716.28	-111,371.93	0.00	-297,088.22
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	2,679,595.52	3,240,578.72	0.00	5,920,174.24
Line of Business (LoB): further segmentation (Homogeneous Risk Groups)					
R0350	Premium provisions - Total number of homogeneous risk group	1	3		
R0360	Claims provisions - Total number of homogeneous risk groups	1	3		
Cash-flows of the Best estimate of Premium Provisions (Gross)					
Cash out-flows					
R0370	Future benefits and claims	1,219,698	726,576		1,946,274.23
R0380	Future expenses and other cash out-flows				0.00
Cash in-flows					
R0390	Future premiums	584,668	412,575		997,242.69
R0400	Other cash in-flows (incl. Recoverables from salvages and subrogations)				0.00
Cash-flows of the Best estimate of Claims Provisions (Gross)					
Cash out-flows					
R0410	Future benefits and claims	1,721,764.25	2,649,163.39		4,370,927.65
R0420	Future expenses and other cash out-flows				0.00
Cash in-flows					
R0430	Future premiums				0.00
R0440	Other cash in-flows (incl. Recoverables from salvages and subrogations)				0.00
R0450	Percentage of gross Best Estimate calculated using approximations				
R0460	Best estimate subject to transitional of the interest rate				0.00
R0470	Technical provisions without transitional on interest rate				0.00
R0480	Best estimate subject to volatility adjustment				0.00
R0490	Technical provisions without volatility adjustment and without others transitional measures				0.00