



**Solvency and Financial Condition  
Report (SFCR) - 31 December 2021**



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## **Solvency and Financial Condition Report**

### **Introduction**

The PRA Rulebook requires a regulated firm to provide to the PRA information which is necessary for the purposes of the PRA's supervision of the firm.

This information must be supplied in the format provided for in the Solvency II Regulations.

The Pillar III regulatory reporting requirements of Solvency II require firms to produce two key reports:

- The Solvency and Financial Condition Report (SFCR). This is an annual report which must be reported publicly as well as to the regulatory authority
- The Regular Supervisory Report (RSR). This is not disclosed publicly and must be submitted to the regulatory authority in full at least every three years and in summary every year.

This document is the Solvency and Financial Condition Report for Folgate Insurance Company Ltd ("FICL") as at 31 December 2021.

The PRA Rulebook requires that information should be provided to the PRA to enable it to assess:

- a) The firm's system of governance
- b) The business pursued by the firm
- c) The valuation principles applied by the firm for solvency purposes
- d) The risks faced by the firm
- e) The risk management systems of the firm
- f) The capital structure, capital needs and capital management of the firm

The purpose of this document is to provide this information and to meet the requirements of the Solvency II Directive.

## **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 and Accounts, confirm that, to the best of their knowledge: (a) throughout the financial year in question, the Company has 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

David Prince  
Director

10 August 2022

## **Business and regulation**

### *Business*

FICL has been established since 1877 and was placed into run-off by its then owners in 2002. Anglo London Ltd acquired the Company in August 2014 and on 6 August 2015 the Company was authorised to underwrite reinsurance business, which it commenced on 1 September 2015.

FICL has no employees and is managed on a day-to-day basis through a service level agreement by Anglo Pacific Consultants (London) Ltd (APC), which is a connected company.

From 2015 to 2018 FICL wrote APC sourced business on a quota share reinsurance basis. On 26 June 2018 authorisation was granted by the regulator for FICL to write direct insurance. FICL commenced writing APC and other delegated underwriting authority binder (DUA) direct business from 1 January 2019.

The principal activity of the Company is the transaction of general insurance business through underwriting a niche portfolio of SME (Small-Medium Enterprises) commercial lines business from the United Kingdom

### *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/pr](http://www.bankofengland.co.uk/pr) and [www.fca.org.uk](http://www.fca.org.uk)*

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

## Business performance

This section considers the financial results of the Company for the year ended 31 December 2021, and its net assets at that date, and is based on the Company's audited financial statements at 31 December 2021, which were prepared on a UK gaap basis.

### Summary

The profit before taxation for the year amounted to £281,000 (2020: loss of £807,000) and a profit after taxation of £228,000 (2020: loss of £652,000) was transferred to accumulated reserves. No dividends were paid or declared in the period.

The Company's Key performance indicators were (£000's):

|                               |         |        |           |
|-------------------------------|---------|--------|-----------|
| · Gross Written Premium (GWP) | £12,225 | (2020- | £10,664 ) |
| · Net Written Premium (NWP)   | £4,990  | (2020- | £5,812 )  |
| · Solvency Capital Ratio*     | 132%    | (2020- | 120% )    |
| · Incurred Loss Ratio**       | 49.8%   | (2020- | 66.2% )   |
| · Combined Operating Ratio*** | 91.6%   | (2020- | 109.6% )  |

\*(Net assets expressed as a percentage of the regulatory SCR requirement)

\*\* (Net incurred claims divided by earned premiums)

\*\*\* (COR – Claims and expenses divided by earned premiums, excludes any investment gains / losses)

The Company's overall result in the prior year was adversely affected by losses on the Company's equity investments and by adverse claims development in prior years. The absence of these effects in the current year explains the improvement in performance over the prior year.

Gross written premium has increased through growth of both DUA and APC business, however net written premium is lower as a result of the Company's decision to reduce retained risk through the purchase of increased quota share reinsurance.

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.

The overall solvency position of FICL at 31 December 2021 is set out in more detail in a later section of this report.

### Underwriting performance

The table below shows a summary of the technical (underwriting) account.

**Summary Profit & Loss – Technical Account- General Business  
for the year ended 31 December 2021 (based on UK GAAP)**

|  | <b>2021</b>    | <b>2020</b>    |
|--|----------------|----------------|
|  | <b>£'000</b>   | <b>£'000</b>   |
| Gross premiums written   | 12,225         | 10,664         |
| Outward reinsurance premiums   | (7,235)        | (4,852)        |
| <b>Net premiums written</b>  | <u>4,990</u>   | <u>5,812</u>   |
| Change in the gross provision for unearned premiums                    | (646)          | (877)          |
| Change in the provision for unearned premiums, reinsurers' share       | 728            | 1,096          |
| Change in the net provision for unearned premium                       | <u>82</u>      | <u>219</u>     |
| <b>Earned premiums, net of reinsurance</b>                             | 5,072          | 6,031          |
| Allocated investment return transferred from the non-technical account | 166            | 203            |
| <b>Total technical income</b>  | <u>5,237</u>   | <u>6,234</u>   |
| <b>Claims incurred, net of reinsurance</b>                             |                |                |
| Claims paid-Gross amount   | (4,367)        | (3,826)        |
| Claims paid-reinsurers' share  | 2,004          | 470            |
| Claims paid-net of reinsurance   | <u>(2,363)</u> | <u>(3,356)</u> |
| Change in claims outstanding-Gross amount                              | (1,194)        | (2,423)        |
| Change in claims outstanding-reinsurers' share                         | 1,031          | 1,786          |
| Change in claims outstanding-net of reinsurance                        | <u>(163)</u>   | <u>(637)</u>   |
| <b>Claims incurred, net of reinsurance</b>                             | (2,526)        | (3,993)        |
| <b>Net operating expenses</b>  | (2,119)        | (2,616)        |
| <b>Balance on the technical account<br/>for general business</b>       | <b>593</b>     | <b>(375)</b>   |

Principal elements of the technical account are analysed below.

*Analysis of Business Written*

FICL's portfolio of business mainly comprises Material Damage, Employer's Liability, Product Liability, and Professional Indemnity.

In 2020, the Company also wrote Legal Expenses and Miscellaneous Financial Loss business, this was not renewed into 2021.

The underwriting function is effectively outsourced to APC (this is a regulatory requirement placed on

FICL), which has been writing this business on a delegated authority basis for leading London market insurers for nearly 30 years and consequently has built up considerable knowledge and expertise.

The strategy is to write low to medium risk SME commercial risks with gross limits of £10m.

From its initial authorisation in 2015 through to 2018, the Company wrote reinsurance business on a quota share basis.

This business is categorised as the 'Reinsurance account'. The primary carrier for this business was Tokio Marine Kiln (TMK). The business was underwritten on a delegated authority basis by both APC and, for risks emanating from the Netherlands, by a fellow subsidiary, APC Holland.

From January 2019, FICL having received the necessary regulatory authorisation in June 2018, the Company began and has continued to write this business (excluding the Netherlands business) on a direct rather than on a reinsurance basis. The Netherlands business was not renewed into 2019 and the ALL Group has subsequently disposed of its interest in APC Holland.

TMK withdrew from this market in 2018 and FICL, through APC, formed partnerships with alternative carriers including Amlin and Axis, writing the business since 2018 on a coinsurance basis.

Also from January 2019, FICL began to write as 100% carrier several direct delegated authority agreements (DUAs) underwritten by APC and focussed on the same low/medium risk SME commercial market segment.

During 2021, FICL also commenced writing a 20% participation in a property risk binder.

The table below shows the mix of gross premiums written in the 2021 and 2020 financial years.

**Actual gross premium volumes per line of business  
for the year ended 31 December 2021 (£'000s)**

|             | 2021          | 2020          |
|-------------|---------------|---------------|
| Reinsurance | 5             | 22            |
| Property    | 8,621         | 5,922         |
| EL/GL       | 3,064         | 3,344         |
| PI/D&O      | 550           | 986           |
| Other       | -15           | 175           |
|             | <b>12,225</b> | <b>10,449</b> |

The above reflects the effect of increased coinsurance participation by FICL for 2021 in the Axis property binder, together with new business from a further coinsurance participation in an additional property binder.

*Quota Share Reinsurance*

FICL has used quota share reinsurance to manage its solvency capital requirement through control over



its net retention. This has enabled the Company to increase its gross premium writings whilst ensuring its solvency margin remains within risk appetite.

The net retention has reduced from 30% in 2019 to 25% from 1 July 2020 and further to 20% from 1 January 2021

The following table shows gross and net participation by business line for 2020 and 2021.

**Coinsurance participation and net retention years ended  
31 December 2020 and 31 December 2021**

|              |               | APC package inc (MD/EL/PL/PI/DO) |       |       |        |        | DUA package inc (MD/EL/PL/PI) | PI Additional Layer Facility | LE    | MF      |
|--------------|---------------|----------------------------------|-------|-------|--------|--------|-------------------------------|------------------------------|-------|---------|
|              |               | MD                               | EL    | PL    | PI     | DO     |                               |                              |       |         |
| Direct / DUA | To 30/6/20    |                                  |       |       |        |        | 100/30                        | 15/0                         |       | 100/100 |
|              | From 1/7/20   |                                  |       |       | 100/30 | 100/25 | 100/30                        | 10/0                         |       | 100/100 |
|              | From 01/01/21 |                                  |       |       |        | 100/0  | 100/30                        | 5/0                          |       | 100/100 |
| Coin         | To 30/6/20    | 30/30                            |       |       |        |        |                               |                              | 30/30 |         |
|              | From 1/7/20   | 50/25                            | 25/25 | 25/25 |        |        |                               |                              | 30/30 |         |
|              | From 01/01/21 | 50/20                            | 20/20 | 20/20 | 50/20  |        |                               |                              | 0     |         |

Table below shows net retained premium volumes by business line based on the above coinsurance and net retention analysis.

**Actual net premium volumes per line of business for the  
year ended 31 December 2021 (£'000s)**

|             | 2021         | 2020         |
|-------------|--------------|--------------|
| Reinsurance | 5            | 22           |
| Property    | 3,646        | 3,389        |
| EL/GL       | 1,792        | 2,325        |
| PI/D&O      | 209          | 620          |
| Other       | -15          | 199          |
|             | <b>5,637</b> | <b>6,555</b> |

Note the above is stated before XOL premium costs, further explained below.

Overall net written premium has reduced reflecting the reduction in retention explained above.

The mix of business has changed, with a greater proportion of Property exposure with a corresponding reduction in exposure to Liability risks. This reflects the addition of coinsurance participation in a new property binder in 2021, which offset the effect of the reduction in retention on existing property business.

#### *XOL Reinsurance*

FICL further controls its exposure net of quota share through the purchase of excess of loss (XOL) coverage on a risk and event basis.

XOL coverage is in place excess of FICL's retention of £250,000 up to limits in excess of the 99.5<sup>th</sup> percentile, based on the FICL book as modelled by the Company's reinsurance brokers Guy Carpenter.

Consequently FICL's maximum net exposure to any one property or liability risk, and to any one event, such as flood or storm, is limited to £250,000.

These risk tolerances are set by the Board based on the detailed analysis of risk and geographical catastrophe exposure accumulations.

#### *Claims Reserving*

FICL outsources claims handling to APC. APC has more than 20 years of claims handling experience in this market segment. As part of this arrangement, FICL has access to APC's historical claims data.

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.

FICL uses external actuarial consultants to establish appropriate reserves for IBNR. See section below for further explanation.

Incurred claims for 2021 and 2020 are shown in the below table.

**Gross and ceded incurred claims years ended 31 December 2021  
and 31 December 2020**

|                                    | <b>Gross<br/>£000s</b> | <b>Reinsurance<br/>£000s</b> | <b>Net<br/>£000s</b> |
|------------------------------------|------------------------|------------------------------|----------------------|
| <b>2021</b>                        |                        |                              |                      |
| Claims paid                        | 4,367                  | (2,004)                      | 2,363                |
| Outstanding claims brought forward | (8,096)                | 2,166                        | (5,930)              |
| Outstanding claims carried forward | 9,290                  | (3,197)                      | 6,093                |
| Change in claims provision         | <u>1,194</u>           | <u>(1,031)</u>               | <u>163</u>           |
| Claims incurred                    | <u>5,561</u>           | <u>(3,035)</u>               | <u>2,526</u>         |
| <b>2020</b>                        |                        |                              |                      |
| Claims paid                        | 3,826                  | (470)                        | 3,356                |
| Outstanding claims brought forward | (5,673)                | 380                          | (5,293)              |
| Outstanding claims carried forward | 8,096                  | (2,166)                      | 5,930                |
| Change in claims provision         | <u>2,423</u>           | <u>(1,786)</u>               | <u>637</u>           |
| Claims incurred                    | <u>6,249</u>           | <u>(2,256)</u>               | <u>3,993</u>         |

Claims incurred reflects an improvement in underwriting performance leading to a reduction in the incurred loss ratio from 66.2% in 2020 to 49.8% in 2021.

*Operating expenses*

Operating expenses comprise earned acquisition costs on business written, commissions earned from reinsurers on business ceded; and overhead costs.

FICL has no employees and is managed on a day-to-day basis under a service level agreement with APC.

Operating expenses for 2021 and 2020 are shown in the below table.

**Operating expenses years ended 31 December 2021  
and 31 December 2020**

| <b>2021</b>                                | <b>Gross<br/>£000s</b> | <b>Reinsurance<br/>£000s</b> | <b>Net<br/>£000s</b> |
|--|------------------------|------------------------------|----------------------|
| Acquisition costs                          | 4,656                  | (2,922)                      | 1,734                |
| Deferred acquisition costs carried forward | (2,414)                | 1,468                        | (946)                |
| Deferred acquisition costs brought forward | 2,155                  | (1,104)                      | 1,051                |
| Change in deferred acquisition costs       | (259)                  | 364                          | 105                  |
|  | <u>4,397</u>           | <u>(2,558)</u>               | 1,839                |
| Administrative expenses                    |                        |                              | 280                  |
|  |                        |                              | <u>2,119</u>         |
| <b>2020</b>                                |                        |                              |                      |
| Acquisition costs                          | 3,901                  | (1,763)                      | 2,138                |
| Deferred acquisition costs carried forward | (2,155)                | 1,104                        | (1,051)              |
| Deferred acquisition costs brought forward | 1,883                  | (635)                        | 1,248                |
| Change in deferred acquisition costs       | (272)                  | 469                          | 197                  |
|  | <u>3,629</u>           | <u>(1,294)</u>               | 2,335                |
| Administrative expenses                    |                        |                              | 281                  |
|  |                        |                              | <u>2,616</u>         |

*Non-Technical Performance*

The table below shows a summary of the result from the non-technical account.

**Non-technical account years ended 31 December 2021  
and 31 December 2020**

|   | <b>2021</b>  | <b>2020</b>  |
|---|--------------|--------------|
|   | <b>£'000</b> | <b>£'000</b> |
| Balance on the technical account-general business                                 | 593          | (375)        |
| Investment income   | 298          | 309          |
| Allocated investment return transferred to the general business technical account | (166)        | (203)        |
| Investment expenses and charges   | (66)         | (68)         |
| Realised and unrealised gains/(losses) on investments                             | (378)        | (470)        |
| <b>Profit/(loss) before tax</b>   | 281          | (807)        |
| Taxation  | (53)         | 155          |
| <b>Profit/(loss) for the year</b>   | 228          | (652)        |

Principal elements of the non-technical account are analysed below.

*Investment return*

Overall FICL's investment portfolio produced a loss of £146,000 after investment management charges (2020: loss £229,000), a total return on opening invested assets of (1.3)% (2020: (2.3)%).

Target return, net of management expenses, was approximately 0.5%. The shortfall of actual performance against target is attributable to a change in market expectations of future interest rates, with rates now expected to increase at a faster rate than was expected at the beginning of the year.

In 2020, portfolio performance was adversely affected by the impact of the pandemic and Brexit on equity and bond values.

FICL sold its equity holdings in March 2020, removing exposure to equity revaluations and reducing portfolio volatility.

FICL employs specialist external investment managers to manage the portfolio in accordance with an investment mandate set by the Board. Oversight of the investment managers is delegated to the Investment Committee.

The investment mandate reflects FICL's low appetite for investment risk. Investments are restricted to highly liquid investment grade bonds with an overall average portfolio quality of at least A, an average duration of no more than 3 years, and a maximum individual holding of no more than 5% of portfolio value.

*Tax charge*

The tax charge is based on the standard rate of corporation tax applied to taxable profits. There are no unusual factors affecting FICL's taxable profits.

## Net Assets

The table below sets out the Company's net assets as 31 December 2021 and 31 December 2020.

### Net Assets at 31 December 2021 and 31 December 2020

|                                  | 2021<br>£'000 | 2020<br>£'000 |
|----------------------------------|---------------|---------------|
| Investments                      | 11,297        | 11,300        |
| Cash                             | 3,403         | 2,634         |
| Net technical provisions         | (9,042)       | (8,961)       |
| Debtors-insurance operations     | 2,355         | 1,928         |
| Creditors-reinsurance operations | (3,345)       | (2,824)       |
| Deferred acquisition costs, net  | 946           | 1,051         |
| Other assets/(liabilities), net  | (844)         | (586)         |
| <b>Net Assets</b>                | <u>4,770</u>  | <u>4,542</u>  |

#### Investments

This is the Company's funds with the investment managers at market value. It comprises bond holdings but excludes uninvested cash held by the investment managers, which is classified as cash, and accrued interest income, which is classified in Other assets/(liabilities).

For further details of Investments, see Investment Return above and Credit Risk below.

#### Cash

Mainly comprises working capital but also includes £508,000 (2020: £671,000) of cash held by the investment manager but not yet invested.

All cash is held in accounts with A rated financial institutions.

#### Net technical provisions

Comprises unearned premiums and claims provisions and can be analysed as follows-

## Net Technical Provisions at 31 December 2021 and 31 December 2020

|                         | Reinsurance<br>£'000 | Run Off<br>£'000 | Direct<br>£'000 | Total<br>£'000 | Reinsurance<br>£'000 | Total Net<br>£'000 |
|-------------------------|----------------------|------------------|-----------------|----------------|----------------------|--------------------|
| <b>Unearned Premium</b> |                      |                  |                 |                |                      |                    |
| At 1 January 2021       | 4                    | -                | 5,636           | 5,640          | (2,609)              | 3,031              |
| Premiums written        | 5                    | -                | 12,220          | 12,225         | (7,235)              | 4,990              |
| Premiums earned         | (5)                  | -                | (11,574)        | (11,579)       | 6,507                | (5,072)            |
| At 31 December 2021     | 4                    | -                | 6,282           | 6,286          | (3,337)              | 2,949              |
| <b>Claims</b>           |                      |                  |                 |                |                      |                    |
| At 1 January 2021       | 3,598                | 113              | 4,385           | 8,096          | (2,166)              | 5,930              |
| Paid Claims             | (869)                | (4)              | (3,494)         | (4,367)        | 2,004                | (2,363)            |
| New Claims              | 181                  | 17               | 5,363           | 5,561          | (3,035)              | 2,526              |
| At 31 December 2021     | 2,910                | 126              | 6,254           | 9,290          | (3,197)              | 6,093              |
| 31 December 2020        | 3,603                | 113              | 10,020          | 13,736         | (4,775)              | 8,961              |
| <b>31 December 2021</b> | <b>2,914</b>         | <b>126</b>       | <b>12,536</b>   | <b>15,576</b>  | <b>(6,534)</b>       | <b>9,042</b>       |

### Unearned Premium

FICL calculates earned premium on a time apportionment basis.

### Claims Provisions

The provision for claims outstanding is assessed on an individual case by case basis and is based on the estimated ultimate cost of all claims notified but not settled by the balance sheet date, together with the provision for related claims handling costs. The provision also includes the estimated cost of claims incurred but not reported ('IBNR') at the balance sheet date, estimated based on the market standard methods.

These methods generally involve projecting from past experience the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from models of the business accepted and assessments of underwriting conditions. The amount of salvage and subrogation recoveries is separately identified and, where material, reported as an asset.

The reinsurers' share of provisions for claims is based on the amounts of gross outstanding claims and projections for IBNR, having regard to the reinsurance programme in place for the class of business, the claims experience for the year and is net of estimated irrecoverable amounts having regard to the current security rating of the reinsurance companies involved. A number of statistical methods are used to assist in making these estimates.

The two most critical assumptions as regards claims provisions are that the past is a reasonable predictor of the likely level of claims development and the models used for current business are fair reflections of the likely level of ultimate claims to be incurred.

The principal classes of business and the considerations made when determining the level of reserves to be carried are set out below.

#### *Property and accident business*

Property and accident business are “short tail”, in that there is not a significant delay between the occurrence of the claim and the claim being reported to the Company in terms which enable a reasonable estimate of the liability to be made. The costs of claims notified to the Company at the balance sheet date are estimated on a case by case basis to reflect the individual circumstances of each claim. The ultimate expected cost of claims is projected from this data by reference to statistics which show how estimates of claims incurred in previous periods have developed over time. This is in order to reflect both changes in the underlying estimates of the cost of notified claims and late notifications.

#### *Liability*

These claims are longer tail than for those of the other classes of business and so a larger element of the claims provision relates to incurred but not reported claims and claims reported but not sufficiently developed to enable reasonable estimates of liability to be made on a case by case basis. Claims estimates for liability business are derived from a combination of the expected loss ratio-based estimates and estimates based upon actual claims experience. In respect of liability claims, the assessment of claims inflation and anticipated market experience is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort. The liability class of business is also subject to the emergence of new types of latent claims and an allowance is included for this as at the balance sheet date.

Outstanding claims provisions are not discounted.

#### *Unexpired risks provision*

Provision is made for any deficiencies arising when unearned premiums, net of associated acquisition costs, are insufficient to meet expected claims and expenses after taking into account future investment return on the investments supporting the unearned premiums provision (‘UPR’) and unexpired risks provision. The expected claims are calculated based on information available at the balance sheet date.

Unexpired risks surpluses and deficits are offset where business classes are managed together and a provision is made if an aggregate deficit arises. The unexpired risks provision would be included within ‘Other technical provisions’.

The Company assesses at the end of each reporting period whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency is recognised in profit or loss.

#### *Actuarial reserving process*

The ultimate responsibility for setting technical provisions lies with the Board. The Company engages external actuarial consultants Insight Risk Consulting Ltd to perform full actuarial reviews at Q2 and at year-end, and interim reviews at Q1 and Q3. Based on the recommendations made by the external actuaries, the Company makes claims provisions in its year-end and interim accounts.

FICL uses its own data since the commencement of underwriting in 2015 and is also able to use data from APC going back more than 20 years, to inform its actuarial analysis. Over this time the business written has been stable and there have been no material changes in the way claims are handled,



consequently the application of these reserving methodologies is considered to be appropriate.

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

*Debtors-insurance operations*

Comprises premiums receivable from introducing brokers.

*Creditors-reinsurance operations*

Comprises premiums payable to reinsurers.

*Deferred acquisition costs*

The net of unearned commissions payable on gross premiums and unearned commissions receivable on premiums ceded to reinsurers.

*Other assets/(liabilities)*

Includes prepayments and accruals, and corporate and premium taxes payable.

## Regulatory Capital and Solvency

### Solvency II Balance Sheet

For the assessment of the Company's regulatory solvency position, the GAAP balance sheet described in the preceding sections is restated to a Solvency II basis.

The following table compares the GAAP balance sheet and the Solvency II balance sheet.

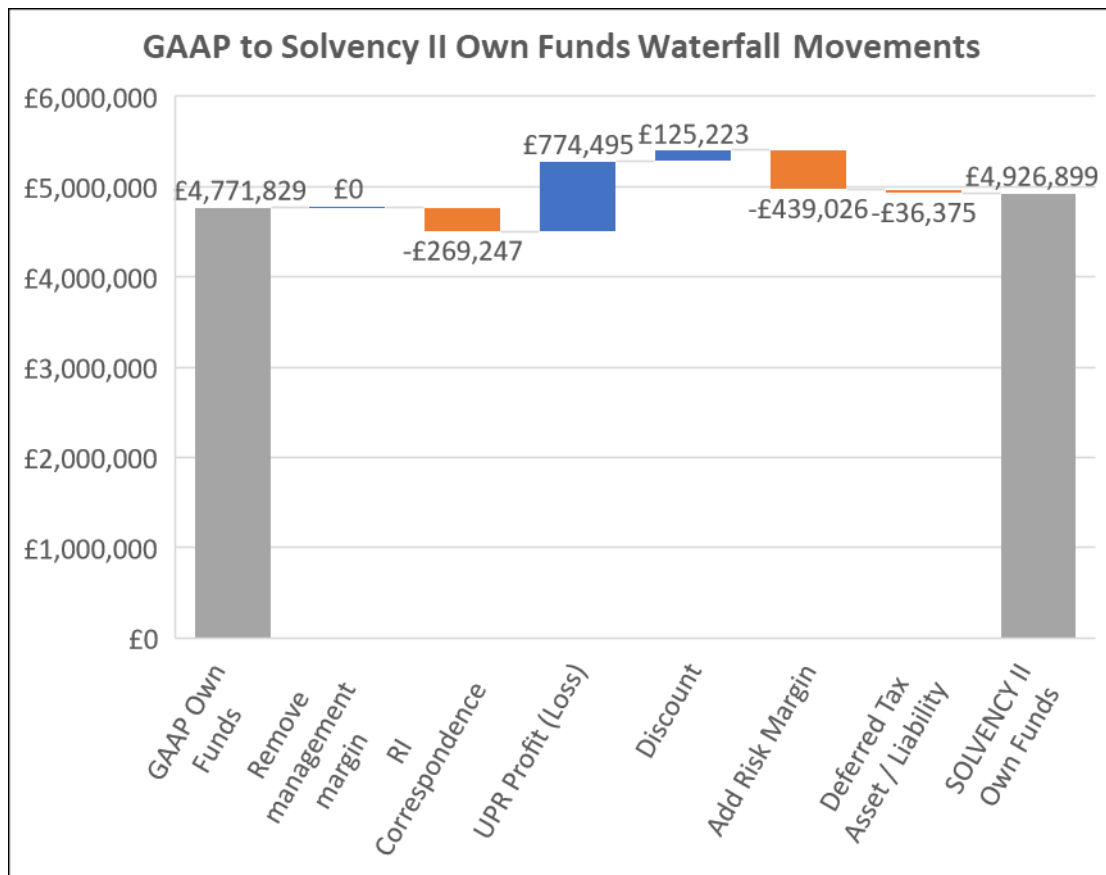
### Solvency Valuation of FICL's Balance Sheet

#### GAAP vs Solvency II Balance Sheet

|  | GAAP Basis        | Solvency II Basis |
|--|-------------------|-------------------|
| <b>ASSETS (£)</b>  |                   |                   |
| Investible assets  | 14,826,602        | 14,826,602        |
| RI UPR / RI premium provision  | 3,338,249         | 1,889,625         |
| RI earned claims / RI claims provision   | 2,888,216         | 2,516,659         |
| Premium Debtors  | 1,274,403         |                   |
| Any other assets, not elsewhere shown (inc unearned acquisition cost)            | 3,224,954         | 810,945           |
| <b>TOTAL ASSETS</b>  | <b>25,552,422</b> | <b>16,264,581</b> |
| <b>LIABILITIES (£)</b>   |                   |                   |
| Gross UPR / Gross premium provision  | 6,286,112         | 1,494,161         |
| Gross earned claims / Gross claims provision                                     | 9,107,203         | 8,845,885         |
| Risk margin  |                   | 439,026           |
| Due to ceded insurer   | 3,344,731         |                   |
| Reinsurance payables   | 52,807            |                   |
| Any other liabilities, not shown elsewhere (inc unearned ceded acquisition cost) | 1,989,740         | 558,609           |
| <b>EQUITY (£)</b>  |                   |                   |
| Share premium account  | 5,005,570         | 5,005,570         |
| Retained earnings including profits  | 233,741           | 78,671            |
| <b>TOTAL EQUITIES AND LIABILITIES</b>  | <b>25,552,422</b> | <b>16,264,581</b> |
| <b>TOTAL AVAILABLE CAPITAL</b>   | <b>4,771,829</b>  | <b>4,926,899</b>  |

The difference in valuation of assets and liabilities between GAAP and Solvency II is summarised below:

### GAAP to Solvency II Adjustments



The above adjustments are explained in more detail below-

#### *Remove Management Margin*

Any management margin in the GAAP numbers is removed. As at 31 December 2021, management margin was £Nil (2020: £Nil).

#### *RI Correspondence*

Provision is made for the costs of renewing losses occurring reinsurance covering inwards claims arising in future periods where the benefit of such recoveries is taken into account in the required capital calculations.

The RI Correspondence provision at 31 December 2021 was (£269,247) (2020: (£325,000)).

#### *UPR Profit/(Loss)*

Solvency II technical provisions include claims to be incurred on gross premiums written but not yet earned at each period end, as well as claims to be recovered on related reinsurance protections.

Gross and ceded unearned premiums and related deferred acquisition costs in the GAAP balance sheet are reversed out in the Solvency II balance sheet and replaced by premium provisions.

The net effect of these adjustment is that future profits expected to arise on premiums written but not yet earned under GAAP are crystallised and recognised in the Solvency II balance sheet.

This UPR Profit/(Loss) at 31 December 2021 was £774,495 (2020: £609,086).

### *Discount*

The Solvency II balance sheet reflects the net present value of expected future cashflows.

Expected future cashflows are projected separately for gross and ceded claims and premium provisions, and for each of the Company's Solvency II business lines (Property, Liability, Legal Expense, Miscellaneous Financial Loss).

Cashflows are discounted using the risk-free yield curve.

The difference in value between the cashflows before and after discounting is the Discount adjustment.

The Discount at 31 December 2021 was £125,223 (2020: (£3,634)).

### *Risk Margin*

The Solvency II risk margin is intended to represent the amount that a third party (re)insurance undertaking would require in order to take over the Company at its SCR value and continue to achieve an acceptable rate of return, as measured by a cost of capital measure.

It is assumed the undertaking:

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

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 future reduction in 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.

The Risk Margin at 31 December 2021 was (£439,026) (2020: (£335,569)).

### *Deferred Tax*

The tax effect of the above adjustments is recognised at the prevailing tax rate of 19% (2020: 19%).

The deferred tax adjustment at 31 December 2021 was (£36,375) (2020: £10,472).

All other assets are valued for Solvency II purposes on the same basis as the financial statements. A complete list of assets can be found in S.06 of the annual templates.

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)*

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

There was no comprehensive valuation of technical provisions for the purposes of Day 1 reporting and, as such, this calculation represents the first detailed calculation.

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

#### **Breakdown of net technical provisions at 31 December 2021**

| <b>Technical provisions at 31 December 2021</b> | <b>Claims Provisions (£m)</b> | <b>Premium Provisions (£m)</b> | <b>Total (£m)</b> |
|---|-------------------------------|--------------------------------|-------------------|
| Gross insurance losses                          | 8.8                           | 2.6                            | 11.4              |
| Gross future premium                            | (0.1)                         | (1.1)                          | (1.2)             |
| <b>Gross sub-total</b>                          | <b>8.7</b>                    | <b>1.5</b>                     | <b>10.2</b>       |
| RI recoveries from losses                       | (2.8)                         | (1.4)                          | (4.2)             |
| RI future premium                               | 0.3                           | 3.3                            | 3.6               |
| <b>RI sub-total</b>                             | <b>(2.5)</b>                  | <b>1.9</b>                     | <b>(0.6)</b>      |
| <b>Net sub-total</b>                            | <b>6.2</b>                    | <b>3.4</b>                     | <b>9.6</b>        |
| Additional expenses                             | 0.1                           | -                              | 0.1               |
| RI bad debt                                     | -                             | -                              | -                 |
| <b>Total exc RM</b>                             | <b>6.3</b>                    | <b>3.4</b>                     | <b>9.7</b>        |
| Risk margin                                     |                               |                                | 0.4               |
| <b>Total</b>                                    |                               |                                | <b>10.2</b>       |

| Technical provisions at 31 December 2020 | Claims Provisions (£m) | Premium Provisions (£m) | Total (£m)   |
|--|------------------------|-------------------------|--------------|
| Gross insurance losses                   | 8.1                    | 2.6                     | 10.7         |
| Gross future premium                     | (0.1)                  | (0.8)                   | (0.9)        |
| <b>Gross sub-total</b>                   | <b>8.0</b>             | <b>1.8</b>              | <b>9.8</b>   |
| RI recoveries from losses                | (2.2)                  | (1.2)                   | (3.3)        |
| RI future premium                        | 0.3                    | 2.9                     | 3.2          |
| <b>RI sub-total</b>                      | <b>(1.9)</b>           | <b>1.7</b>              | <b>(0.2)</b> |
| <b>Net sub-total</b>                     | <b>6.1</b>             | <b>3.4</b>              | <b>9.6</b>   |
| Additional expenses                      | 0.2                    | -                       | 0.2          |
| RI bad debt                              | -                      | -                       | -            |
| <b>Total exc RM</b>                      | <b>6.3</b>             | <b>3.4</b>              | <b>9.8</b>   |
| Risk margin                              |                        |                         | 0.3          |
| <b>Total</b>                             |                        |                         | <b>10.1</b>  |

Technical provisions under Solvency II reflect funds required to cover the future cost of claims and related expenses for all policies that have either been written or committed to before the reporting date, plus a risk margin.

- Claims provisions – Gross and RI-the provision for future claim payments for events that have already taken place prior to the reporting date
  - Best Estimate
  - Expense provision
  - Events Not in Data (ENIDs)
  - RI Bad Debt adjustment
- Premium provisions – Gross and RI – provision for future claims on exposures yet to take place at the reporting date
  - Best Estimate
  - Un-incepted, legally obliged business
  - RI Bad Debt adjustment
- Risk Margin

The principal differences in the assessment of technical provisions between GAAP and Solvency II are as follows-

- Solvency II technical provisions are calculated on a cashflow basis
- Any implicit or explicit margins with the GAAP technical provisions are removed
- The Solvency II valuation includes allowance for very low probability extreme events described as “Events Not In Data (ENIDS)”
- Under Solvency II there is no unearned premium reserve. Instead there is a Premium Provision which provides for the future cash outflows related to exposures committed to but not expired as at the reporting date
- Solvency II cashflows are discounted, this introduces an element of volatility to the technical provisions
- Introduction of the principle of a market consistent basis and calculation of a risk margin

#### Data adjustments and recommendations

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

#### 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.

### *Solvency Capital Requirement*

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.

#### Minimum Capital Requirement (MCR)/Absolute Minimum Capital Requirement (AMCR)

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 2021 the combined SCR is higher than these and as such the SCR has become the benchmark.

The AMCR represents the floor below which FICL’s capital requirement cannot fall.

As FICL’s MCR is below the AMCR as at 31 December 2021, the AMCR is the minimum capital measure. It is set at €2.5m (£2.13m).

The calculated SCR for 31 December 2021 is above the AMCR so the year-end regulatory capital requirement as at year-end 2020 is the SCR.

The table below summarises the results of the SCR calculation at 31 December 2021 and 2020, and the comparison of the SCR with available Own Funds at those dates.

## SCR and Solvency Ratio as at 31 December 2021 and 31 December 2020

| Amounts in GBP (000s)                     | Dec-21      | Dec-20      | Movement   |
|---|-------------|-------------|------------|
| <b>Solvency Capital Requirement</b>       | 3,724       | 3,754       | (30)       |
| Adjustment for effect of deferred taxes   | -           | -           | 0          |
| SCR Operational Risk                      | 347         | 343         | 4          |
| Basic Solvency Capital Requirement        | 3,377       | 3,411       | (34)       |
| Diversification effects                   | (465)       | (399)       | (66)       |
| Sum of risk components                    | 3,842       | 3,810       | 32         |
| Market risk                               | 365         | 376         | (11)       |
| Counterparty default risk                 | 486         | 301         | 185        |
| Non-life underwriting risk                | 2,991       | 3,133       | (142)      |
| Value of assets                           | 16,265      | 15,001      | 1,264      |
| Value of tech. prov and other liabilities | 11,338      | 10,505      | 833        |
| Available capital                         | 4,927       | 4,496       | 431        |
| SCR                                       | 3,724       | 3,754       | (30)       |
| <b>Solvency Ratio</b>                     | <b>132%</b> | <b>120%</b> | <b>13%</b> |

### *Comments on the SCR*

#### *Changes in SCR Since 31 December 2020*

Overall the SCR has reduced by £30,000 since 31 December 2020. The principal contributing factors were as follows:

#### Non-Life Underwriting risk

The capital charge for Non-life underwriting risk has reduced by £142,000. This is attributable to the reduction in net earned premium following increased purchase of quota share reinsurance.

#### Market risk

Overall the market risk capital charge has reduced by £11,000. Reductions in interest rate and spread risk have been partly offset by increases in currency risk attributable to an increase in the mismatch between the Company's foreign currency denominated assets and liabilities.



### Counterparty default risk

The counterparty default risk capital increased by £185,000. This reflected an increase in exposure to reinsurers resulting from the greater usage of quota share reinsurance.

### Operational risk

The operational risk capital requirement has seen an increase of £4,000 over the last 12 months.

The operational risk capital requirement is the higher of a factor applied to technical provisions and a factor applied to gross earned premium. The gross earned premium factor carries an additional weighting where historic gross earned premium has grown by more than 20% over the previous 12 month period.

FICL is subject to the gross earned premium factor, and at 31 December 2020 was also subject to the additional weighting for high growth. At 31 December 2021, although gross earned premium has continued to increase, the rate of increase has reduced and consequently the Company is no longer affected by the additional risk weighting for high growth.

### Diversification Effects

The benefit of diversification has increased by £66,000 since 31 December 2020, this is a formula based calculation affected by the relative weights of each of the risk categories.

## *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.

Overall available Own Funds have increased by £431,000. The principal contributing factors were as follows:

### GAAP Retained Profit

The GAAP net profit for the year was £228,000, there were no distributions to shareholders and the net profit was transferred to retained earnings.

### RI Correspondence

The RI Correspondence charge at £269,000 was £56,000 lower than at 31 December 2020, reflecting lower XOL LOD reinsurance costs attributable to the reduction in net earned premium.

### UPR Profit

UPR Profit at £774,000 was £165,000 higher than at 31 December 2020. This reflects a reduction in expected losses in unearned premium attributable to an improvement in the actuarial assessment of current year loss ratios, partly offset by a reduction in total net unearned premiums.

### Discount

The Discount benefit at £125,000 was £129,000 higher than at 31 December 2020. The Discount benefit at 31 December 2020 was negligible due to the very flat yield curve and very low interest rates. Higher rates and a steeper curve have resulted in a higher Discount benefit at 31 December 2021.

## Risk Margin

The Risk Margin charge at 31 December 2021 was £439,000, £103,000 higher than at 31 December 2020. This is attributable to the increase in interest rates since 31 December 2020.

## *Summary of Solvency Position*

Shown below is a summary of FICL's capital position in relation to the SCR and the MCR:

### **Summary of FICL's capital position at 31 December 2021 and 31 December 2020**

|                        | 2021               |                    | 2020               |                    |
|------------------------|--------------------|--------------------|--------------------|--------------------|
|                        | £'000              |                    | £'000              |                    |
|                        | SCR                | MCR                | SCR                | MCR                |
| Capital requirement    | 3,724              | 2,102              | 3,754              | 2,248              |
| Eligible own funds     | 4,927              | 4,927              | 4,496              | 4,485              |
| Headroom               | <u>1,203</u>       | <u>2,825</u>       | <u>742</u>         | <u>2,237</u>       |
| <b>Solvency Margin</b> | <b><u>132%</u></b> | <b><u>234%</u></b> | <b><u>120%</u></b> | <b><u>200%</u></b> |

Overall headroom over the regulatory capital requirement has increased from £742,000 to £1,203,000 and the solvency margin has increased from 120% to 132%.

## 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.

### *The FICL Board and Committee Structure*



Stephen Mathers and Zoe Spicer resigned from the Board on 31 August 2021 and 31 October 2021 respectively. Sean Rocks and David Prince were appointed to the Board on 5 November 2021 and 24 November 2021 respectively.

Paul Chapman resigned from the Board on 31 May 2022.

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. Remuneration entitlements for non-executive members of the board totalled £57k for reporting year 2021 (2020: £57k) and is expected to be similar for 2022.

### *Fit and proper requirements*

FICL recognises the value of the fit and proper requirements through which the Company seeks to ensure, for all key function holders, that:

- Their professional qualifications, knowledge and experience are adequate to enable sound and prudent management (fit); and
- They are of good repute and integrity (proper).

FICL has a Senior Managers & Certification Regime (SMCR) compliant policy which sets out the

procedures in place to ensure that all those undertaking SMCR functions on behalf of FICL are and remain fit and proper to carry out those functions.

These procedures ensure that all those holding SMCR 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 SMCR 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.

A comprehensive list of identified risks that FICL is exposed to is included within the ORSA report.

The most significant risks are explained in detail within the "Risk Profile" below. These are captured within the workings of the Standard Formula for the purposes of assessing solvency.

FICL has not identified any major risk exposures that are not considered with the Solvency Capital Requirement calculation.

### Own Risk and Solvency Assessment (ORSA)

FICL is responsible for completing an Own Risk and 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 forecast ultimate loss ratios (ULR). However, it will also carry out additional ORSAs as a result of specific triggers which are set out in the ORSA Policy.

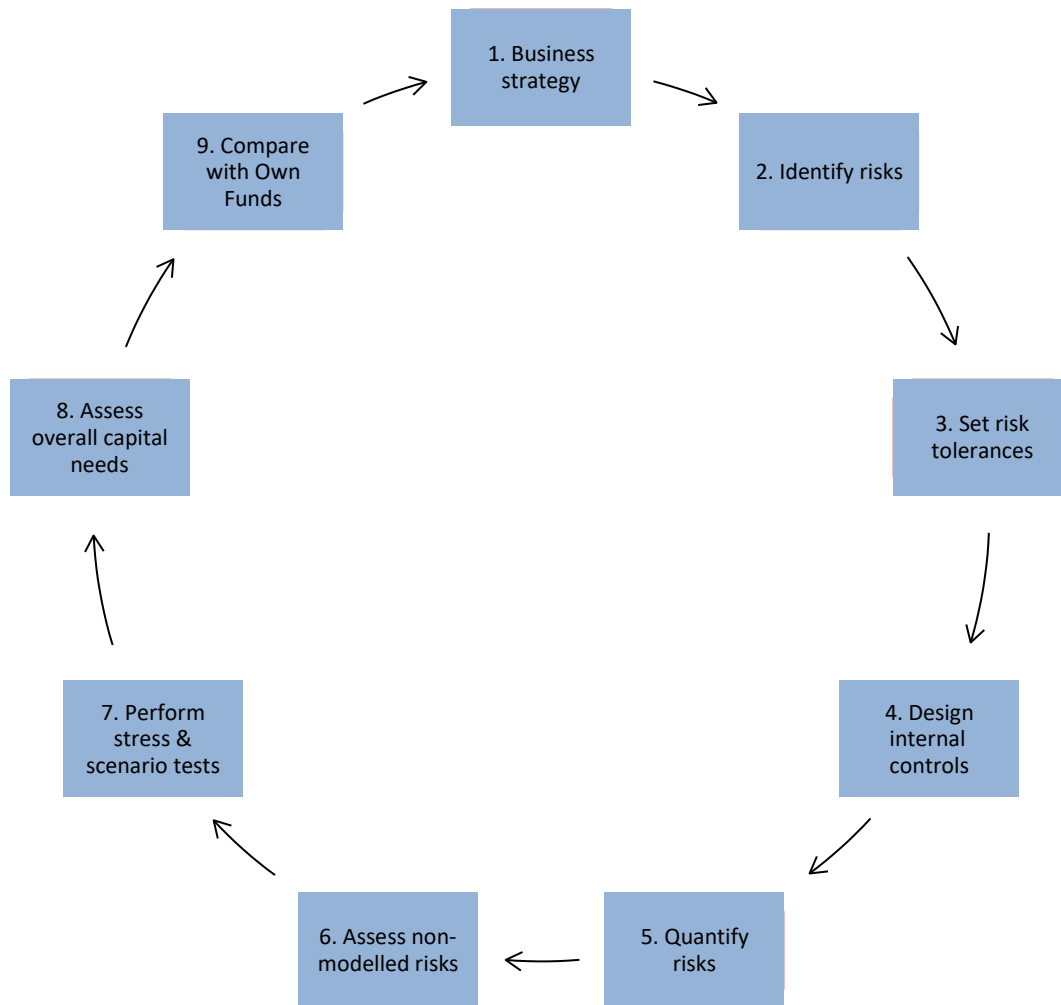
### ORSA governance

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 the chart below.

## Summary of ORSA process



The ORSA covers the regulatory capital position, by reference to the Solvency Capital Requirement (SCR) and the Absolute Minimum Capital Requirement (AMCR), as at 31 December 2021.

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 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 to ensure that the organisational structure in place is one that promotes a high standard of business integrity and regulatory compliance.

The CFO 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.

The Chief Risk Officer 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 under an outsourcing agreement.

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

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 CEO. 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 has utilised the services of Insight Risk Consulting ("IRC") from 2020. IRC provides 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 direct insurance and reinsurance business and takes a prudent approach to non-life underwriting risk prioritising the 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.

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 – for example, 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

Gross premium indicates a significant growth which is the result of writing a higher line share before cede. 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 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.

The principal risk that the Company faces due to the nature of its investment and liabilities is interest rate 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 and floating rate securities. For this reason, the actual 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 98.2% (2020: 98.2%) fixed interest securities and 1.8% (2020: 1.8%) 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 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 2021 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.

We have used AM Best ratings for classification of investments/bank balances into respective rating categories.

## Credit Exposure as at 31 December 2021

| 31 December 2021                              | AAA          | AA           | A            | BBB          | Not<br>Rated | Total         |
|---|--------------|--------------|--------------|--------------|--------------|---------------|
|   | £'000        | £'000        | £'000        | £'000        | £'000        | £'000         |
| Other Financial investments – debt securities | 807          | 2,208        | 4,857        | 3,425        |              | 11,297        |
| Debtors arising out of insurance operations   |              |              |              |              | 2,355        | 2,355         |
| Reinsurers' share of claims provisions        |              | 2,537        | 660          |              |              | 3,197         |
| Cash at bank and in hand                      |              |              | 3,403        |              |              | 3,403         |
|   | <b>807</b>   | <b>4,745</b> | <b>8,920</b> | <b>3,425</b> | <b>2,355</b> | <b>20,252</b> |
|   | <hr/>        |              |              |              |              |               |
| 31 December 2020                              | AAA          | AA           | A            | BBB          | Not<br>Rated | Total         |
|   | £'000        | £'000        | £'000        | £'000        | £'000        | £'000         |
| Other Financial investments – debt securities | 1,749        | 3,614        | 3,437        | 2,500        | -            | 11,300        |
| Debtors arising out of insurance operations   | -            | -            | -            | -            | 1,928        | 1,928         |
| Reinsurers' share of claims provisions        | -            | 1,844        | 322          | -            | -            | 2,166         |
| Cash at bank and in hand                      | -            | -            | 2,634        | -            | -            | 2,634         |
|   | <b>1,749</b> | <b>5,458</b> | <b>6,393</b> | <b>2,500</b> | <b>1,928</b> | <b>18,028</b> |

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.

### *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.

## Appendices

### Folgate Insurance Company Limited – Overview (Governance Map)

#### Folgate - The Board / Key Function Holders

|                           |  |
|---------------------------|--|
| Brian Russell<br>BPR01021 | <ul style="list-style-type: none"><li>•SMF20 - Chief Actuary Function</li><li>•Chairman of Reserving Committee</li></ul>   |
| Ian Russell<br>IPR01016   | <ul style="list-style-type: none"><li>•SMF1 - Chief Executive Function</li><li>•SMF23 - Chief Underwriting Officer Function</li><li>•Responsible for Insurance Mediation</li><li>•Chairman of Underwriting Committee</li></ul>                 |
| Jon Bates<br>JPB01182     | <ul style="list-style-type: none"><li>•SMF4 - Chief Risk Function</li><li>•SMF16- Compliance Oversight</li><li>•Chairman of Claims Committee</li><li>•Chairman of Compliance &amp; Conduct Committee</li><li>•Climate Change Officer</li></ul> |
| David Prince<br>DJP01209  | <ul style="list-style-type: none"><li>•SMF2- Chief Finance Function</li><li>•SMF17- Money Laundering Reporting Officer</li><li>•Chair of Investment Committee</li><li>• Financial risks in relation to climate change</li></ul>                |
| Adrian Harris<br>ACH01051 | <ul style="list-style-type: none"><li>•SMF14 Senior Independent Director Function</li><li>•Whistleblower's Champion</li></ul>  |
| Sean Rocks<br>SPR01048    | <ul style="list-style-type: none"><li>•SMF9 - Chairman Function</li><li>•SMF10 - Chair of Risk Committee</li><li>•SMF11 - Chair of the Audit Committee</li></ul>   |

## Folgate Insurance Company Limited – Organisation Chart (Governance Map)

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

1. Claims Committee (Quarterly)

**Jon Bates (Chairman)**

Ian Russell  
Paul Rabey  
John Friday  
Adrian Harris

2. Underwriting Committee (Quarterly)

**Ian Russell (Chairman)**

Jon Bates  
Brian Russell  
Adrian Harris  
Chris Page  
Jamie Cowley

3. Corporate Governance Committee (Quarterly)

**Sean Rocks (Chairman)**

Ian Russell  
Jon Bates  
David Prince  
Adrian Harris

4. Compliance & Conduct Committee (Quarterly)

**Jon Bates (Chairman)**

Adrian Harris  
John Friday  
Clare Bates  
Lauren Wicks

5. Investment Committee (Quarterly)

**David Prince (Chairman)**

Brian Russell  
Ian Russell  
John Friday  
Sean Rocks

6. Audit Committee- Non-executive (Quarterly)

**Sean Rocks (Chairman)**

Adrian Harris  
Brian Russell

7. Reserving Committee (Quarterly)

**Brian Russell (Chairman)**

David Prince  
Sean Rocks

**Board Structure**

Sean Rocks (NE Chairman)  
Brian Russell  
Jon Bates  
Ian Russell  
David Prince  
Adrian Harris (NED)



# Folgate Insurance Company Limited

## Solvency and Financial Condition Report

### Disclosures

31 December

**2021**

(Monetary amounts in GBP thousands)



## General information

|   |   |
|---|---|
| Undertaking name                                    | Folgate Insurance Company Limited                             |
| Undertaking identification code                     | 213800KLCFTTGHFID336  |
| 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 2021  |
| 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.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<br>value |
|---------------|--|----------------------|
|               |  | C0010                |
| <b>Assets</b> |  |                      |
| R0030         | Intangible assets  |                      |
| R0040         | Deferred tax assets  | 0                    |
| R0050         | Pension benefit surplus  |                      |
| R0060         | Property, plant & equipment held for own use   | 0                    |
| R0070         | Investments (other than assets held for index-linked and unit-linked contracts)        | 11,424               |
| R0080         | <i>Property (other than for own use)</i>   | 0                    |
| R0090         | <i>Holdings in related undertakings, including participations</i>                      | 0                    |
| R0100         | <i>Equities</i>  | 0                    |
| R0110         | <i>Equities - listed</i>   |                      |
| R0120         | <i>Equities - unlisted</i>   |                      |
| R0130         | <i>Bonds</i>   | 11,424               |
| R0140         | <i>Government Bonds</i>  | 267                  |
| R0150         | <i>Corporate Bonds</i>   | 11,157               |
| R0160         | <i>Structured notes</i>  | 0                    |
| R0170         | <i>Collateralised securities</i>   | 0                    |
| R0180         | <i>Collective Investments Undertakings</i>   | 0                    |
| R0190         | <i>Derivatives</i>   |                      |
| R0200         | <i>Deposits other than cash equivalents</i>  | 0                    |
| R0210         | <i>Other investments</i>   | 0                    |
| R0220         | Assets held for index-linked and unit-linked contracts                                 |                      |
| R0230         | Loans and mortgages  | 0                    |
| R0240         | <i>Loans on policies</i>   | 0                    |
| R0250         | <i>Loans and mortgages to individuals</i>  |                      |
| R0260         | <i>Other loans and mortgages</i>   |                      |
| R0270         | Reinsurance recoverables from:   | 627                  |
| R0280         | <i>Non-life and health similar to non-life</i>   | 627                  |
| R0290         | <i>Non-life excluding health</i>   | 627                  |
| R0300         | <i>Health similar to non-life</i>  | 0                    |
| R0310         | <i>Life and health similar to life, excluding index-linked and unit-linked</i>         | 0                    |
| 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                    |
| R0360         | Insurance and intermediaries receivables   |                      |
| 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                    |
| R0410         | Cash and cash equivalents  | 3,403                |
| R0420         | Any other assets, not elsewhere shown  | 760                  |
| R0500         | <b>Total assets</b>  | <b>16,214</b>        |

|                    |  | <b>Solvency II<br/>value</b> |
|--------------------|--|------------------------------|
|                    |  | C0010                        |
| <b>Liabilities</b> |  |                              |
| R0510              | Technical provisions - non-life  | 10,779                       |
| R0520              | <i>Technical provisions - non-life (excluding health)</i>                              | 10,779                       |
| R0530              | <i>TP calculated as a whole</i>  | 0                            |
| R0540              | <i>Best Estimate</i>   | 10,340                       |
| R0550              | <i>Risk margin</i>   | 439                          |
| R0560              | <i>Technical provisions - health (similar to non-life)</i>                             | 0                            |
| R0570              | <i>TP calculated as a whole</i>  | 0                            |
| R0580              | <i>Best Estimate</i>   | 0                            |
| R0590              | <i>Risk margin</i>   | 0                            |
| R0600              | Technical provisions - life (excluding index-linked and unit-linked)                   | 0                            |
| R0610              | <i>Technical provisions - health (similar to life)</i>                                 | 0                            |
| R0620              | <i>TP calculated as a whole</i>  |                              |
| R0630              | <i>Best Estimate</i>   |                              |
| R0640              | <i>Risk margin</i>   |                              |
| R0650              | <i>Technical provisions - life (excluding health and index-linked and unit-linked)</i> | 0                            |
| R0660              | <i>TP calculated as a whole</i>  |                              |
| R0670              | <i>Best Estimate</i>   |                              |
| R0680              | <i>Risk margin</i>   |                              |
| R0690              | Technical provisions - index-linked and unit-linked                                    | 0                            |
| R0700              | <i>TP calculated as a whole</i>  |                              |
| R0710              | <i>Best Estimate</i>   |                              |
| R0720              | <i>Risk margin</i>   |                              |
| R0740              | Contingent liabilities   |                              |
| R0750              | Provisions other than technical provisions   |                              |
| R0760              | Pension benefit obligations  |                              |
| R0770              | Deposits from reinsurers   |                              |
| R0780              | Deferred tax liabilities   | 36                           |
| R0790              | Derivatives  |                              |
| R0800              | Debts owed to credit institutions  |                              |
| R0810              | Financial liabilities other than debts owed to credit institutions                     |                              |
| R0820              | Insurance & intermediaries payables  |                              |
| R0830              | Reinsurance payables   |                              |
| R0840              | Payables (trade, not insurance)  |                              |
| R0850              | Subordinated liabilities   | 0                            |
| R0860              | <i>Subordinated liabilities not in BOF</i>   |                              |
| R0870              | <i>Subordinated liabilities in BOF</i>   | 0                            |
| R0880              | Any other liabilities, not elsewhere shown   | 471                          |
| R0900              | <b>Total liabilities</b>   | <b>11,287</b>                |
| R1000              | <b>Excess of assets over liabilities</b>   | <b>4,927</b>                 |

5.05.01.02

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 |  |  |        |        |
| <b>Premiums written</b>  |   |                                 |                                   |                       |  |   |                             |                                 |                          |            |                      |   |          |                                |          |       |  |  |        |        |
| R0110  | Gross - Direct Business                       |                                 |                                   |                       |  |   |                             |                                 |                          |            |                      |   |          |                                |          |       |  |  | 12,220 |        |
| R0120  | Gross - Proportional reinsurance accepted     |                                 |                                   |                       |  |   |                             |                                 |                          |            |                      |   |          |                                |          |       |  |  |        | 5      |
| R0130  | Gross - Non-proportional reinsurance accepted |                                 |                                   |                       |  |   |                             |                                 |                          |            |                      |   |          |                                |          |       |  |  |        | 0      |
| R0140  | Reinsurers' share                             |                                 |                                   |                       |  |   |                             |                                 |                          |            |                      |   |          |                                |          |       |  |  | 7,235  |        |
| R0200  | Net   |                                 |                                   |                       |  |   |                             |                                 |                          |            |                      |   |          |                                |          |       |  |  | 4,991  |        |
| <b>Premiums earned</b>   |   |                                 |                                   |                       |  |   |                             |                                 |                          |            |                      |   |          |                                |          |       |  |  |        |        |
| R0210  | Gross - Direct Business                       |                                 |                                   |                       |  |   |                             |                                 |                          |            |                      |   |          |                                |          |       |  |  |        | 11,574 |
| R0220  | Gross - Proportional reinsurance accepted     |                                 |                                   |                       |  |   |                             |                                 |                          |            |                      |   |          |                                |          |       |  |  |        | 5      |
| R0230  | Gross - Non-proportional reinsurance accepted |                                 |                                   |                       |  |   |                             |                                 |                          |            |                      |   |          |                                |          |       |  |  | 0      |        |
| R0240  | Reinsurers' share                             |                                 |                                   |                       |  |   |                             |                                 |                          |            |                      |   |          |                                |          |       |  |  | 6,506  |        |
| R0300  | Net   |                                 |                                   |                       |  |   |                             |                                 |                          |            |                      |   |          |                                |          |       |  |  | 5,073  |        |
| <b>Claims incurred</b>   |   |                                 |                                   |                       |  |   |                             |                                 |                          |            |                      |   |          |                                |          |       |  |  |        |        |
| R0310  | Gross - Direct Business                       |                                 |                                   |                       |  |   |                             |                                 |                          |            |                      |   |          |                                |          |       |  |  |        | 5,363  |
| R0320  | Gross - Proportional reinsurance accepted     |                                 |                                   |                       |  |   |                             |                                 |                          |            |                      |   |          |                                |          |       |  |  |        | 198    |
| R0330  | Gross - Non-proportional reinsurance accepted |                                 |                                   |                       |  |   |                             |                                 |                          |            |                      |   |          |                                |          |       |  |  | 0      |        |
| R0340  | Reinsurers' share                             |                                 |                                   |                       |  |   |                             |                                 |                          |            |                      |   |          |                                |          |       |  |  | 3,035  |        |
| R0400  | Net   |                                 |                                   |                       |  |   |                             |                                 |                          |            |                      |   |          |                                |          |       |  |  | 2,526  |        |
| <b>Changes in other technical provisions</b>   |   |                                 |                                   |                       |  |   |                             |                                 |                          |            |                      |   |          |                                |          |       |  |  |        |        |
| 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      |        |
| R0550  | Expenses incurred                             |                                 |                                   |                       |  |   |                             |                                 |                          |            |                      |   |          |                                |          |       |  |  | 2,119  |        |
| R1200  | Other expenses                                |                                 |                                   |                       |  |   |                             |                                 |                          |            |                      |   |          |                                |          |       |  |  |        |        |
| R1300  | Total expenses                                |                                 |                                   |                       |  |   |                             |                                 |                          |            |                      |   |          |                                |          |       |  |  | 2,119  |        |

5.05.02.01

Premiums, claims and expenses by country

Non-life

|  | C0010   | C0020  | C0030 | C0040 | C0050  | C0060 | C0070                        |
|--|---|--|-------|-------|--|-------|------------------------------|
|  | 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 |
| R0010  | NL  |  |       |       |  |       |                              |
|  | C0080   | C0090  | C0100 | C0110 | C0120  | C0130 | C0140                        |
| <b>Premiums written</b>                      |   |  |       |       |  |       |                              |
| R0110  | Gross - Direct Business                       | 12,220   |       |       |  |       | 12,220                       |
| R0120  | Gross - Proportional reinsurance accepted     | 5  |       |       |  |       | 5                            |
| R0130  | Gross - Non-proportional reinsurance accepted |  |       |       |  |       | 0                            |
| R0140  | Reinsurers' share                             | 7,235  |       |       |  |       | 7,235                        |
| R0200  | Net   | 4,991  | 0     |       |  |       | 4,991                        |
| <b>Premiums earned</b>                       |   |  |       |       |  |       |                              |
| R0210  | Gross - Direct Business                       | 11,574   |       |       |  |       | 11,574                       |
| R0220  | Gross - Proportional reinsurance accepted     | 5  |       |       |  |       | 5                            |
| R0230  | Gross - Non-proportional reinsurance accepted |  |       |       |  |       | 0                            |
| R0240  | Reinsurers' share                             | 6,506  |       |       |  |       | 6,506                        |
| R0300  | Net   | 5,073  | 0     |       |  |       | 5,073                        |
| <b>Claims incurred</b>                       |   |  |       |       |  |       |                              |
| R0310  | Gross - Direct Business                       | 5,363  |       |       |  |       | 5,363                        |
| R0320  | Gross - Proportional reinsurance accepted     | 221  | -23   |       |  |       | 198                          |
| R0330  | Gross - Non-proportional reinsurance accepted |  |       |       |  |       | 0                            |
| R0340  | Reinsurers' share                             | 3,035  |       |       |  |       | 3,035                        |
| R0400  | Net   | 2,549  | -23   |       |  |       | 2,526                        |
| <b>Changes in other technical provisions</b> |   |  |       |       |  |       |                              |
| 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                             | 2,119  |       |       |  |       | 2,119                        |
| R1200  | Other expenses                                |  |       |       |  |       |                              |
| R1300  | Total expenses                                |  |       |       |  |       | 2,119                        |

Non-Life Technical Provisions

|       |   | Direct business and accepted proportional reinsurance |                             |                                 |                                   |                       |  |   |                             |                                 |                          |            | Accepted non-proportional reinsurance |                                     |                                       |   | Total Non-Life obligation |                                       |
|-------|---|---|-----------------------------|---------------------------------|-----------------------------------|-----------------------|--|---|-----------------------------|---------------------------------|--------------------------|------------|---------------------------------------|-------------------------------------|---------------------------------------|---|---------------------------|---------------------------------------|
|       |   | Medical expense insurance                             | Income protection insurance | Workers' compensation insurance | Motor vehicle liability insurance | Other motor insurance | Marine, aviation and transport insurance | Fire and other damage to property insurance | General liability insurance | Credit and suretyship insurance | Legal expenses insurance | Assistance | Miscellaneous financial loss          | Non-proportional health reinsurance | Non-proportional casualty reinsurance | Non-proportional marine, aviation and transport reinsurance |                           | Non-proportional property reinsurance |
|       |   | C0020   | C0030                       | C0040                           | C0050                             | C0060                 | C0070                                    | C0080                                       | C0090                       | C0100                           | C0110                    | C0120      | C0130                                 | C0140                               | C0150                                 | C0160   | C0170                     | C0180                                 |
| R0010 | <b>Technical provisions calculated as a whole</b>   |   |                             |                                 |                                   |                       |  | 0   | 0                           |                                 | 0                        |            | 0                                     |                                     |                                       |   |                           | 0                                     |
|       | Total Recoverables from reinsurance/SPV and Finite Re   |   |                             |                                 |                                   |                       |  |   |                             |                                 |                          |            |                                       |                                     |                                       |   |                           |                                       |
| R0050 | after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole |   |                             |                                 |                                   |                       |  |   |                             |                                 |                          |            |                                       |                                     |                                       |   |                           | 0                                     |
|       | <b>Technical provisions calculated as a sum of BE and RM</b>  |   |                             |                                 |                                   |                       |  |   |                             |                                 |                          |            |                                       |                                     |                                       |   |                           |                                       |
|       | <b>Best estimate</b>  |   |                             |                                 |                                   |                       |  |   |                             |                                 |                          |            |                                       |                                     |                                       |   |                           |                                       |
|       | <b>Premium provisions</b>   |   |                             |                                 |                                   |                       |  |   |                             |                                 |                          |            |                                       |                                     |                                       |   |                           |                                       |
| R0060 | Gross   |   |                             |                                 |                                   |                       |  | 998   | 497                         |                                 | 0                        |            | 0                                     |                                     |                                       |   |                           | 1,494                                 |
|       | Total recoverable from reinsurance/SPV and Finite   |   |                             |                                 |                                   |                       |  |   |                             |                                 |                          |            |                                       |                                     |                                       |   |                           |                                       |
| R0140 | Re after the adjustment for expected losses due to counterparty default                                     |   |                             |                                 |                                   |                       |  | -1,262                                      | -628                        |                                 |                          |            |                                       |                                     |                                       |   |                           | -1,890                                |
| R0150 | <b>Net Best Estimate of Premium Provisions</b>  |   |                             |                                 |                                   |                       |  | 2,259                                       | 1,125                       |                                 | 0                        |            | 0                                     |                                     |                                       |   |                           | 3,384                                 |
|       | <b>Claims provisions</b>  |   |                             |                                 |                                   |                       |  |   |                             |                                 |                          |            |                                       |                                     |                                       |   |                           |                                       |
| R0160 | Gross   |   |                             |                                 |                                   |                       |  | 2,464                                       | 6,239                       |                                 | 142                      |            | 1                                     |                                     |                                       |   |                           | 8,846                                 |
|       | Total recoverable from reinsurance/SPV and Finite   |   |                             |                                 |                                   |                       |  |   |                             |                                 |                          |            |                                       |                                     |                                       |   |                           |                                       |
| R0240 | Re after the adjustment for expected losses due to counterparty default                                     |   |                             |                                 |                                   |                       |  | 1,129                                       | 1,364                       |                                 | 24                       |            | 0                                     |                                     |                                       |   |                           | 2,517                                 |
| R0250 | <b>Net Best Estimate of Claims Provisions</b>   |   |                             |                                 |                                   |                       |  | 1,336                                       | 4,875                       |                                 | 118                      |            | 1                                     |                                     |                                       |   |                           | 6,329                                 |
| R0260 | <b>Total best estimate - gross</b>  |   |                             |                                 |                                   |                       |  | 3,462                                       | 6,735                       |                                 | 142                      |            | 1                                     |                                     |                                       |   |                           | 10,340                                |
| R0270 | <b>Total best estimate - net</b>  |   |                             |                                 |                                   |                       |  | 3,595                                       | 5,999                       |                                 | 118                      |            | 1                                     |                                     |                                       |   |                           | 9,713                                 |
| R0280 | <b>Risk margin</b>  |   |                             |                                 |                                   |                       |  | 181   | 253                         |                                 | 5                        |            | 0                                     |                                     |                                       |   |                           | 439                                   |
|       | <b>Amount of the transitional on Technical Provisions</b>   |   |                             |                                 |                                   |                       |  |   |                             |                                 |                          |            |                                       |                                     |                                       |   |                           |                                       |
| R0290 | Technical Provisions calculated as a whole  |   |                             |                                 |                                   |                       |  |   |                             |                                 |                          |            |                                       |                                     |                                       |   |                           | 0                                     |
| R0300 | Best estimate   |   |                             |                                 |                                   |                       |  |   |                             |                                 |                          |            |                                       |                                     |                                       |   |                           | 0                                     |
| R0310 | Risk margin   |   |                             |                                 |                                   |                       |  |   |                             |                                 |                          |            |                                       |                                     |                                       |   |                           | 0                                     |
| R0320 | <b>Technical provisions - total</b>   |   |                             |                                 |                                   |                       |  | 3,643                                       | 6,988                       |                                 | 147                      |            | 1                                     |                                     |                                       |   |                           | 10,779                                |
|       | Recoverable from reinsurance contract/SPV and   |   |                             |                                 |                                   |                       |  |   |                             |                                 |                          |            |                                       |                                     |                                       |   |                           |                                       |
| R0330 | Finite Re after the adjustment for expected losses due to counterparty default - total                      |   |                             |                                 |                                   |                       |  | -133  | 736                         |                                 | 24                       |            | 0                                     |                                     |                                       |   |                           | 627                                   |
| R0340 | <b>Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total</b>                   |   |                             |                                 |                                   |                       |  | 3,776                                       | 6,252                       |                                 | 123                      |            | 1                                     |                                     |                                       |   |                           | 10,152                                |

5.19.01.21

**Non-Life insurance claims**

**Total Non-life business**

Z0020 Accident year / underwriting year

| <b>Gross Claims Paid (non-cumulative)</b><br>(absolute amount) |                  |       |       |       |       |       |       |       |       |       |                 |                           |              |
|--|------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-----------------|---------------------------|--------------|
| Year   | C0010            | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 | C0100 | C0110           | C0170                     | C0180        |
|  | Development year |       |       |       |       |       |       |       |       |       | In Current year | Sum of years (cumulative) |              |
|  | 0                | 1     | 2     | 3     | 4     | 5     | 6     | 7     | 8     | 9     |                 |                           | 10 & +       |
| R0100  | Prior            |       |       |       |       |       |       |       |       |       | 4               | 4                         | 4            |
| R0160  | 2012             | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |                 | 0                         | 0            |
| R0170  | 2013             | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |       |                 | 0                         | 0            |
| R0180  | 2014             | 0     | 0     | 0     | 0     | 0     | 0     | 0     |       |       |                 | 0                         | 0            |
| R0190  | 2015             | 3     | 231   | 141   | 46    | 70    | 46    | 107   |       |       |                 | 107                       | 644          |
| R0200  | 2016             | 224   | 711   | 445   | 122   | 143   | 109   |       |       |       |                 | 109                       | 1,753        |
| R0210  | 2017             | 261   | 1,239 | 692   | 360   | 393   |       |       |       |       |                 | 393                       | 2,945        |
| R0220  | 2018             | 285   | 1,579 | 855   | 262   |       |       |       |       |       |                 | 262                       | 2,981        |
| R0230  | 2019             | 261   | 2,095 | 2,388 |       |       |       |       |       |       |                 | 2,388                     | 4,745        |
| R0240  | 2020             | 322   | 1,629 |       |       |       |       |       |       |       |                 |                           | 1,629        |
| R0250  | 2021             | 418   |       |       |       |       |       |       |       |       |                 | 418                       | 418          |
| R0260  |                  |       |       |       |       |       |       |       |       |       |                 | <b>Total</b>              | <b>5,310</b> |

| <b>Gross Undiscounted Best Estimate Claims Provisions</b><br>(absolute amount) |                  |       |       |       |       |       |       |       |       |       |                            |              |              |
|--|------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|----------------------------|--------------|--------------|
| Year   | C0200            | C0210 | C0220 | C0230 | C0240 | C0250 | C0260 | C0270 | C0280 | C0290 | C0300                      | C0360        |              |
|  | Development year |       |       |       |       |       |       |       |       |       | Year end (discounted data) |              |              |
|  | 0                | 1     | 2     | 3     | 4     | 5     | 6     | 7     | 8     | 9     |                            | 10 & +       |              |
| R0100  | Prior            |       |       |       |       |       |       |       |       |       |                            | 169          | 166          |
| R0160  | 2012             | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |                            | 0            | 0            |
| R0170  | 2013             | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |       |                            | 0            | 0            |
| R0180  | 2014             | 0     | 0     | 0     | 0     | 0     | 0     | 0     |       |       |                            | 0            | 0            |
| R0190  | 2015             | 0     | 415   | 213   | 191   | 113   | 135   | 75    |       |       |                            | 73           | 73           |
| R0200  | 2016             | 864   | 1,137 | 580   | 566   | 444   | 340   |       |       |       |                            | 334          | 334          |
| R0210  | 2017             | 1,126 | 2,021 | 1,466 | 1,181 | 1,106 |       |       |       |       |                            | 1,087        | 1,087        |
| R0220  | 2018             | 1,500 | 2,091 | 2,434 | 2,409 |       |       |       |       |       |                            | 2,370        | 2,370        |
| R0230  | 2019             | 1,226 | 2,472 | 1,229 |       |       |       |       |       |       |                            | 1,209        | 1,209        |
| R0240  | 2020             | 1,410 | 1,971 |       |       |       |       |       |       |       |                            | 1,940        | 1,940        |
| R0250  | 2021             | 1,686 |       |       |       |       |       |       |       |       |                            | 1,665        | 1,665        |
| R0260  |                  |       |       |       |       |       |       |       |       |       |                            | <b>Total</b> | <b>8,846</b> |

5.23.01.01

Own Funds

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

|   |  |
|---|--|
| R0010                                   | Ordinary share capital (gross of own shares)   |
| R0030                                   | Share premium account related to ordinary share capital  |
| R0040                                   | Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings  |
| R0050                                   | Subordinated mutual member accounts  |
| R0070                                   | Surplus funds  |
| R0090                                   | Preference shares  |
| R0110                                   | Share premium account related to preference shares   |
| R0130                                   | Reconciliation reserve   |
| R0140                                   | Subordinated liabilities   |
| R0160                                   | An amount equal to the value of net deferred tax assets  |
| R0180                                   | Other own fund items approved by the supervisory authority as basic own funds not specified above  |
| R0220                                   | <b>Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds</b> |
| R0230                                   | <b>Deductions for participations in financial and credit institutions</b>  |
| R0290                                   | <b>Total basic own funds after deductions</b>  |
| <b>Ancillary own funds</b>              |  |
| R0300                                   | Unpaid and uncalled ordinary share capital callable on demand  |
| R0310                                   | Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand                      |
| R0320                                   | Unpaid and uncalled preference shares callable on demand   |
| R0330                                   | A legally binding commitment to subscribe and pay for subordinated liabilities on demand   |
| R0340                                   | Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC  |
| R0350                                   | Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC   |
| R0360                                   | Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC   |
| R0370                                   | Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC  |
| R0390                                   | Other ancillary own funds  |
| R0400                                   | <b>Total ancillary own funds</b>   |
| <b>Available and eligible own funds</b> |  |
| R0500                                   | Total available own funds to meet the SCR  |
| R0510                                   | Total available own funds to meet the MCR  |
| R0540                                   | Total eligible own funds to meet the SCR   |
| R0550                                   | Total eligible own funds to meet the MCR   |
| R0580                                   | <b>SCR</b>   |
| R0600                                   | <b>MCR</b>   |
| R0620                                   | <b>Ratio of Eligible own funds to SCR</b>  |
| R0640                                   | <b>Ratio of Eligible own funds to MCR</b>  |
| <b>Reconciliation reserve</b>           |  |
| R0700                                   | Excess of assets over liabilities  |
| R0710                                   | Own shares (held directly and indirectly)  |
| R0720                                   | Foreseeable dividends, distributions and charges   |
| R0730                                   | Other basic own fund items   |
| R0740                                   | Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds  |
| R0760                                   | <b>Reconciliation reserve</b>  |
| <b>Expected profits</b>                 |  |
| R0770                                   | Expected profits included in future premiums (EPIFP) - Life business   |
| R0780                                   | Expected profits included in future premiums (EPIFP) - Non-life business   |
| R0790                                   | <b>Total Expected profits included in future premiums (EPIFP)</b>  |

| Total   | Tier 1 unrestricted | Tier 1 restricted | Tier 2 | Tier 3 |
|---------|---------------------|-------------------|--------|--------|
| C0010   | C0020               | C0030             | C0040  | C0050  |
| 5,006   | 5,006               |                   | 0      |        |
| 0       | 0                   |                   | 0      |        |
| 0       | 0                   |                   | 0      |        |
| 0       |                     | 0                 | 0      | 0      |
| 0       | 0                   |                   |        |        |
| 0       |                     | 0                 | 0      | 0      |
| 0       |                     | 0                 | 0      | 0      |
| -42     | -42                 |                   |        |        |
| 0       |                     | 0                 | 0      | 0      |
| -36     |                     |                   |        | -36    |
| 0       | 0                   | 0                 | 0      | 0      |
| 0       |                     |                   |        |        |
| 0       |                     |                   |        |        |
| 4,927   | 4,963               | 0                 | 0      | -36    |
| 0       |                     |                   |        |        |
| 0       |                     |                   |        |        |
| 0       |                     |                   |        |        |
| 0       |                     |                   |        |        |
| 0       |                     |                   |        |        |
| 0       |                     |                   |        |        |
| 0       |                     |                   |        |        |
| 0       |                     |                   | 0      | 0      |
| 4,927   | 4,963               | 0                 | 0      | -36    |
| 4,963   | 4,963               | 0                 | 0      |        |
| 4,927   | 4,963               | 0                 | 0      | -36    |
| 4,963   | 4,963               | 0                 | 0      |        |
| 3,725   |                     |                   |        |        |
| 2,112   |                     |                   |        |        |
| 132,27% |                     |                   |        |        |
| 234,98% |                     |                   |        |        |
| C0060   |                     |                   |        |        |
| 4,927   |                     |                   |        |        |
| 0       |                     |                   |        |        |
| 4,969   |                     |                   |        |        |
| 0       |                     |                   |        |        |
| -42     |                     |                   |        |        |
|         |                     |                   |        |        |
|         |                     |                   |        |        |
| 0       |                     |                   |        |        |



S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

|   | Gross solvency capital requirement                              | USP   | Simplifications |
|---|---|-------|-----------------|
|   | C0110   | C0090 | C0120           |
| R0010 Market risk   | 365   |       |                 |
| R0020 Counterparty default risk   | 486   |       |                 |
| R0030 Life underwriting risk  | 0   |       |                 |
| R0040 Health underwriting risk  | 0   |       |                 |
| R0050 Non-life underwriting risk  | 2,991   |       |                 |
| R0060 Diversification   | -465  |       |                 |
| R0070 Intangible asset risk   | 0   |       |                 |
| R0100 <b>Basic Solvency Capital Requirement</b>   | 3,377   |       |                 |
|   | <b>Calculation of Solvency Capital Requirement</b>              |       |                 |
| R0130 Operational risk  | 347   |       |                 |
| R0140 Loss-absorbing capacity of technical provisions   | 0   |       |                 |
| R0150 Loss-absorbing capacity of deferred taxes   |   |       |                 |
| R0160 Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC | 0   |       |                 |
| R0200 <b>Solvency Capital Requirement excluding capital add-on</b>                                | 3,725   |       |                 |
| R0210 Capital add-ons already set   | 0   |       |                 |
| R0220 <b>Solvency capital requirement</b>   | 3,725   |       |                 |
|   | <b>Other information on SCR</b>                                 |       |                 |
| 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   |       |                 |
|   | <b>Approach to tax rate</b>                                     |       |                 |
| R0590 Approach based on average tax rate  | 0   |       |                 |
|   | <b>Calculation of loss absorbing capacity of deferred taxes</b> |       |                 |
| R0640 LAC DT  |   |       |                 |
| 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   |       |                 |

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

S.28.01.01

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

| Linear formula component for non-life insurance and reinsurance obligations |  | C0010 |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
|---|--|-------|-------|--|---|---|-------|-------|--|---|--|---|--|---|--|---|--|---|--|---|--|---|--|-------|--|-------|--|-------|--|-------|--|---|--|-----|--|----|--|---|--|---|--|----|--|---|--|---|--|---|--|---|
| R0010   | MCR <sub>NL</sub> Result   |       | 1,463 |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
|   |  |       |       | <table border="1"> <thead> <tr> <th>Net (of reinsurance/SPV) best estimate and TP calculated as a whole</th> <th>Net (of reinsurance) written premiums in the last 12 months</th> </tr> <tr> <th>C0020</th> <th>C0030</th> </tr> </thead> <tbody> <tr><td></td><td>0</td></tr> <tr><td></td><td>0</td></tr> <tr><td></td><td>0</td></tr> <tr><td></td><td>0</td></tr> <tr><td></td><td>0</td></tr> <tr><td></td><td>0</td></tr> <tr><td></td><td>0</td></tr> <tr><td></td><td>3,595</td></tr> <tr><td></td><td>3,007</td></tr> <tr><td></td><td>5,999</td></tr> <tr><td></td><td>2,057</td></tr> <tr><td></td><td>0</td></tr> <tr><td></td><td>118</td></tr> <tr><td></td><td>-7</td></tr> <tr><td></td><td>0</td></tr> <tr><td></td><td>1</td></tr> <tr><td></td><td>-9</td></tr> <tr><td></td><td>0</td></tr> <tr><td></td><td>0</td></tr> <tr><td></td><td>0</td></tr> <tr><td></td><td>0</td></tr> </tbody> </table> | Net (of reinsurance/SPV) best estimate and TP calculated as a whole | Net (of reinsurance) written premiums in the last 12 months | C0020 | C0030 |  | 0 |  | 0 |  | 0 |  | 0 |  | 0 |  | 0 |  | 0 |  | 3,595 |  | 3,007 |  | 5,999 |  | 2,057 |  | 0 |  | 118 |  | -7 |  | 0 |  | 1 |  | -9 |  | 0 |  | 0 |  | 0 |  | 0 |
| Net (of reinsurance/SPV) best estimate and TP calculated as a whole         | Net (of reinsurance) written premiums in the last 12 months              |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
| C0020   | C0030  |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
|   | 0  |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
|   | 0  |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
|   | 0  |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
|   | 0  |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
|   | 0  |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
|   | 0  |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
|   | 0  |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
|   | 3,595  |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
|   | 3,007  |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
|   | 5,999  |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
|   | 2,057  |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
|   | 0  |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
|   | 118  |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
|   | -7   |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
|   | 0  |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
|   | 1  |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
|   | -9   |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
|   | 0  |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
|   | 0  |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
|   | 0  |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
|   | 0  |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
| R0020   | Medical expense insurance and proportional reinsurance                   |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
| R0030   | Income protection insurance and proportional reinsurance                 |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
| R0040   | Workers' compensation insurance and proportional reinsurance             |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
| R0050   | Motor vehicle liability insurance and proportional reinsurance           |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
| R0060   | Other motor insurance and proportional reinsurance                       |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
| R0070   | Marine, aviation and transport insurance and proportional reinsurance    |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
| R0080   | Fire and other damage to property insurance and proportional reinsurance |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
| R0090   | General liability insurance and proportional reinsurance                 |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
| R0100   | Credit and suretyship insurance and proportional reinsurance             |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
| R0110   | Legal expenses insurance and proportional reinsurance                    |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
| R0120   | Assistance and proportional reinsurance                                  |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
| R0130   | Miscellaneous financial loss insurance and proportional reinsurance      |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
| R0140   | Non-proportional health reinsurance                                      |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
| R0150   | Non-proportional casualty reinsurance                                    |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
| R0160   | Non-proportional marine, aviation and transport reinsurance              |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
| R0170   | Non-proportional property reinsurance                                    |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
| Linear formula component for life insurance and reinsurance obligations     |  |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
| R0200   | MCR <sub>L</sub> Result  |       | 0     |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
|   |  |       |       | <table border="1"> <thead> <tr> <th>Net (of reinsurance/SPV) best estimate and TP calculated as a whole</th> <th>Net (of reinsurance/SPV) total capital at risk</th> </tr> <tr> <th>C0050</th> <th>C0060</th> </tr> </thead> <tbody> <tr><td></td><td></td></tr> <tr><td></td><td></td></tr> <tr><td></td><td></td></tr> <tr><td></td><td></td></tr> <tr><td></td><td></td></tr> </tbody> </table>   | Net (of reinsurance/SPV) best estimate and TP calculated as a whole | Net (of reinsurance/SPV) total capital at risk              | C0050 | C0060 |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
| 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             |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
| Overall MCR calculation   |  |       |       |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
| R0300   | Linear MCR   |       | 1,463 |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
| R0310   | SCR  |       | 3,725 |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
| R0320   | MCR cap  |       | 1,676 |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
| R0330   | MCR floor  |       | 931   |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
| R0340   | Combined MCR   |       | 1,463 |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
| R0350   | Absolute floor of the MCR  |       | 2,112 |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |
| R0400   | Minimum Capital Requirement  |       | 2,112 |  |   |   |       |       |  |   |  |   |  |   |  |   |  |   |  |   |  |   |  |       |  |       |  |       |  |       |  |   |  |     |  |    |  |   |  |   |  |    |  |   |  |   |  |   |  |   |