SOLVENCY AND FINANCIAL CONDITION REPORT

28 FEBRUARY 2018

Contents

Executive Summary

Carraig Insurance Company Limited ('CICL' or 'the Company') is a company licensed and regulated in Gibraltar by the Gibraltar Financial Services Commission. Carraig was established in 2002 and is licensed to underwrite motor insurance, specialising in commercial motor fleet. Since 2002 the Company has underwritten premiums in excess of £100 million in the UK and Ireland.

The Board of Directors and the management team include highly skilled and experienced individuals who oversee the various functions of the business, with carefully selected outsourced service providers, who have developed the specific knowledge of its book of business and its requirements. CICL has outsourced certain operations to its insurance manager, STM Fidecs Insurance Management Ltd, in addition to other activities such as claims handling, actuarial and policy administration which are also outsourced to other service providers. A detailed organisational chart is included within this report.

For the financial year ended 28 February 2018, CICL wrote £25.1m in gross written premiums, of which a small portion related to premiums written within Ireland (£1m). The Directors are pleased to report an overall, after tax, profit of circa £1.35m. The Company's own funds under Solvency II, as at 28 of February 2018, amounted to £8.38m, exceeding the SCR by £0.63m. Over the last two years, the Company has increased its solvency surplus and can confirm that since the year end, further significant progress has been made in this regard. The business plan forecasts that own funds will continue to increase, through delivering a profitable underwriting result. The Board confirms that as at 28 February 2018 the Company's solvency coverage was 108.1%.

1 Business Performance

1.1 Business

1.1.1 Legal form of undertaking

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

Montagu Pavilion Building
8-10 Queensway
Gibraltar
GX11 1AA

1.1.2 Supervisory Authority

The Company is regulated by the Gibraltar Financial Services Commission.

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

1.1.3 Independent Auditors

The Company's auditors for the financial year ended 28 February 2018 were:

BDO Gibraltar
5.20 World Trade Centre
Bayside Road
Gibraltar
GX11 1AA

1.1.4 Board of Directors

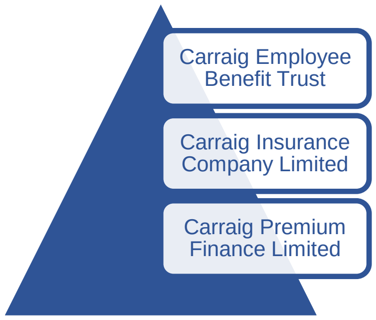
The Directors who served during the year were:

Philip Cunningham
Colin Tattersall
Alan Kentish – resigned 2 November 2017
Liam Guilfoyle – appointed 30 January 2018
Lisa Casemore – appointed 30 January 2018

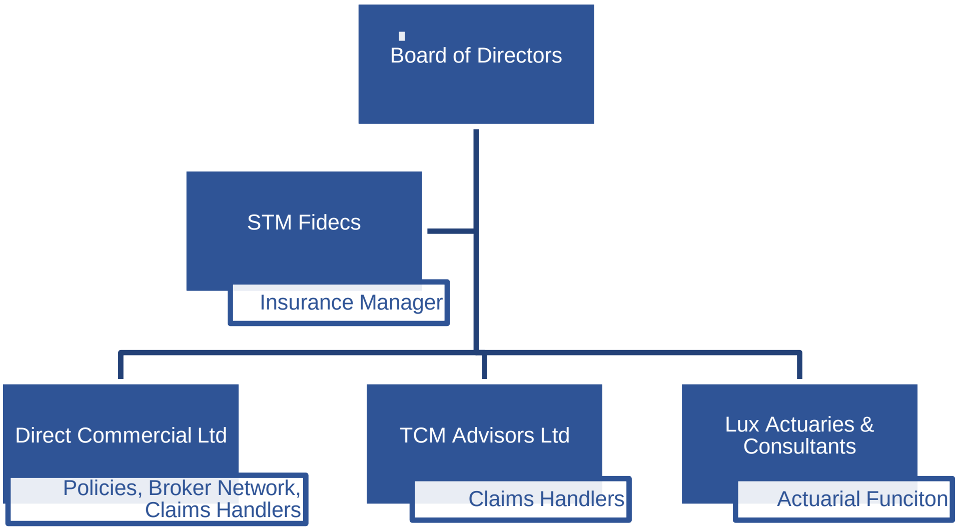
1.1.5 Ultimate Beneficial Owners

The Company is owned by the Carraig Employee Benefit Trust, whose trustees are the ultimate controlling party.

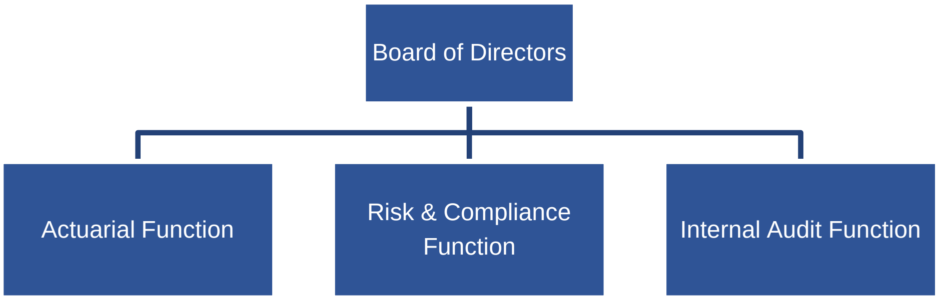
1.1.6 Ownership Structure



1.1.7 Management Structure, outsourcing and advisory partners



1.1.8 Key Functions



1.2 Underwriting Performance

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

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

For the year ended 28 February 2018, the Company wrote £25.1m, of which £13.9m was retained business. The table below illustrates the overall technical profit.

TECHNICAL ACCOUNT

	28 February 2018 £'000	*28 February 2017 £'000*
Earned premiums net of reinsurance		
Gross premiums written	**25,105**	**20,711**
Outward Reinsurance Premium	**(11,114)**	**(6,507)**
Net Premiums Written	**13,992**	**14,204**
Earned premiums net of reinsurance	**14,467**	**12,853**
Other technical income	**628**	**288**
Claims incurred net of reinsurance	**10,952**	**9,324**
Other technical expenses	**2,967**	**2,494**
Balance in the technical account	**1,177**	**1,323**

The Board is pleased to report an underwriting profit for the year of £1.18m, which has been driven by the overall rate increases and sustainability of loss ratios from a strategy of only underwriting for profit. The Board confirm that the stability and low variability of the book of business will help to ensure its underwriting profitability into the future.

1.3 Investment Performance

The Company operates a generally risk-averse investment policy, investing in a diversified portfolio made up of cash held at bank, investment property and some equity shares. As at 28 February 2018 the Company's investment portfolio and its yield was made up as follows:

	as at 28 February 2018		as at 28 February 2017	
	Value £'000	Yield £'000	Value £'000	Yield £'000
Cash & Cash Equivalents	5,767	-	3,765	-
Land & Buildings	5,592	454	5,272	80
Equity Shares	578	40	1,796	5
Subsidiary	502	369	502	170
Total	12,439	863	11,335	255

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

1.4 Performance of other activities

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

	28 February 2018	28 February 2017
	£'000	£'000
Profit Commission	628	288
Total	628	288

2 System of Governance

2.1 General Information

It is the responsibility of the Board to ensure that the Company complies with Pillar II of the Solvency II regulations. Wherever possible, and where regulations allow, proportionality has been taken into consideration when establishing the relevant functions. Due to the simplicity of the book of business and the size of the Company, it is very challenging to fully segregate responsibility within the Board of Directors, therefore responsibility for compliance with Pillar II of the regime is retained by the Board. Key function holders have been appointed to oversee the vital activities of the Company.

2.1.1 The structure of the Board of Directors (BoD)

The composition of the Board is shown below:

Philip Cunningham, Managing Director (Chairman)
Colin Tattersall, Non-Executive Director
Liam Guilfoyle, Non-Executive Director
Lisa Casemore, Executive Director

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

A claim and underwriting committee is set up within the Company's outsourced service provider "Direct Commercial Limited". These committee's meet on a monthly basis and are responsible for overseeing the general claims handling and performance of the book of business, the underwriting policies and administration.

2.2 Fit & Proper Requirements

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

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

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

2.3 Risk Management System and ORSA

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

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

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

The methodology for achieving the policy objectives are as follows:

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

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

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

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

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

2.4 Actuarial Function

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

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

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

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

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

2.5 Internal Audit Function

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

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

The Board can report that several internal audits have been carried out over the past 24 months, reviewing some of its outsourced activities, where findings and recommendations have been reviewed by the Board and actions taken to enhance service levels and improve the effectiveness of the Company's operations.

The function holder and the Board are now considering an annual plan to ensure that all areas of relevant risk are reviewed by the internal audit function.

2.6 Outsourcing

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

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

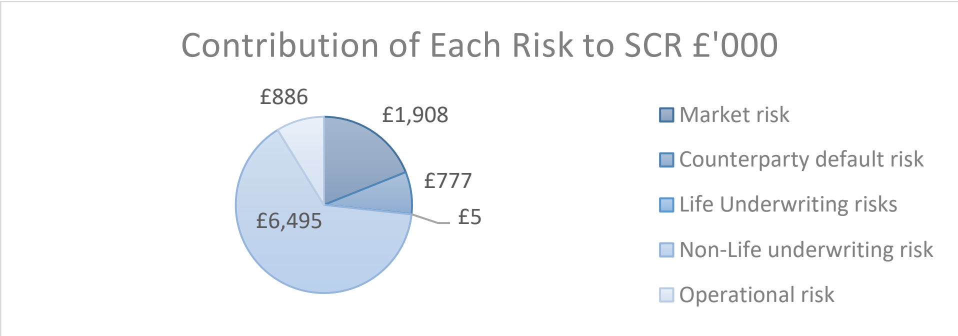
2.7 Any other information

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

3 Risk Profile

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

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



The Company's risk profile is mainly driven by its underwriting activities. Non-life Underwriting risk forms around 64% of the total risk portfolio of the company. The second largest exposure (19% of undiversified SCR) arises from Market risk.

The risk profile of the company as at 28 February 2018 was in line with its risk strategy.

3.1 Underwriting Risk

3.1.1 Overview of any material risk

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

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

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

3.1.2 Risk Assessment/Measurement

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

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

Risk - 99.5% value at risk £'000	Feb-2018	Feb-2017
Premium and reserve risk	6,287	4,948
Lapse risk	1,010	918
Non-life CAT risk	455	212
Diversification effects	-1,256	*-990*
Non-Life underwriting risk	**6,495**	**5,089**

The Company is also exposed to Life-Underwriting risk due to the longevity risk attached to its claims that have been settled as Periodical Payments Orders ("PPOs"). A significant part of this risk is mitigated through its reinsurance arrangements; hence the residual risk is low, amounting to £5k (as at Feb-2018).

3.1.3 Risk Concentration

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

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

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

3.1.4 Risk Mitigation

Reinsurance

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

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

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

Portfolio Monitoring

The senior management of the Company receives and reviews:

- Regular reports on the gross written premium, risks written, claims and reserves; and

– Regular detailed profitability analyses and reviews

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

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

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

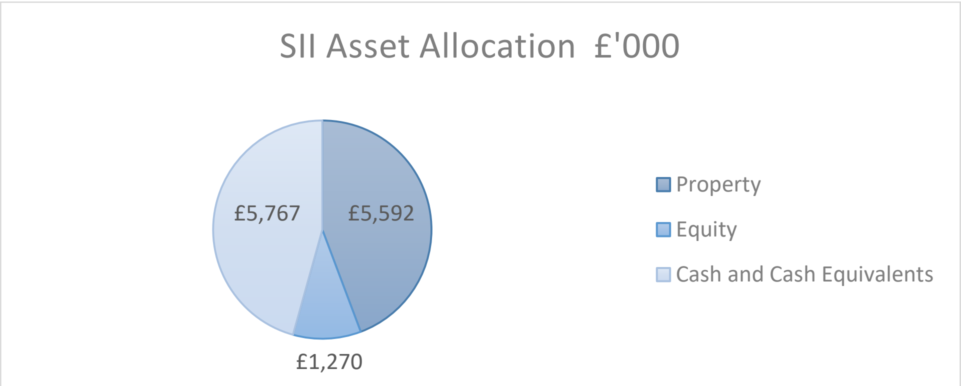
3.1.5 Risk Sensitivity

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

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

3.2 Market risk

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



As at 28 February 2018, Company's investment assets include property, equity, cash and current accounts. Current accounts are subject to credit and liquidity risk which are dealt with in the respective sections below. Market risk arises in the following forms, both on the asset and on the liability side, as the value of technical provisions depends on market conditions:

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

3.2.1 Risk Assessment/Measurement

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

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

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

The primary sources of market risk are property and concentration risks, arising from exposures to investments in real estate and equities. The overall current market risk exposure is considered to be high.

Interest Rate Risk

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

	£’000
Assets	-
Liabilities	**19,266**

As at 28 February 2018 the 99.5% value at risk for interest rate risk was £200k. Due to the relatively short-term nature of assets and liabilities of the company the interest rate risk is not considered to be material risk.

Equity Risk

The total Equity portfolio of the company as at 28 February 2018 was £1.27m and the total SCR for Equity risk on the same date was £0.4m.

Property Risk

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

The total property portfolio of the company as at 28 February 2018 was £5.6m and the total SCR for property risk on the same date was £1.4m.

Currency Risk

The total Net exposure of the company to foreign currency as at 28 February 2018 was £0.2m and the total SCR for currency risk on the same date was £56k.

3.2.2 Risk Concentration

One of the main market risk sub-modules of the company is Concentration Risk. The company’s portfolio is concentrated to property and equity investments which yield to a concentration risk of £507k.

3.2.3 Risk Mitigation

Market risk is mitigated through the continued review and monitoring of the company’s investment exposures.

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

3.2.4 Prudent Person Principle

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

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

3.2.5 Risk Sensitivity

Stress tests and scenario analyses

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

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

3.3 Credit risk

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

- Cash at bank
- Reinsurance recoverables
- Premium receivables

3.3.1 Risk Assessment/Measurement

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

Credit risk forms 8% of the total undiversified SCR.

The overall credit risk exposure is small.

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

3.3.2 Risk Concentration

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

3.3.3 Risk Mitigation

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

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

3.3.4 Risk Sensitivity

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

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

3.4 Liquidity risk

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

The liquidity risk of the company is generally very low as:

- A significant proportion of the assets are invested in short-terms products including cash and listed equities

- Most of the assets held are highly tradeable which enables fast and low-cost liquidation of assets.

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

3.4.1 Risk Assessment/Measurement

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

3.4.2 Risk Concentration

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

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

3.4.3 Risk Mitigation

The Company also minimises liquidity risk by

- ensuring that the Accounting function designs and implements proper controls, documented in the procedure manual, to ensure that inflows are actively managed, monitored and followed up;
- ensuring that income generated from the investment portfolio is duly received by the Company;
- catering for unexpected cash flows, since the quota for highly liquid assets provides a good buffer over and above the maximum historic cash outflows;
- considering the effect of any proposed new business on liquidity and liquidity risk at Board level;
- Closely monitoring the timing of claims payments and reinsurance recoveries.

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

3.4.4 Expected profit included in future premiums

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

The contract boundaries are defined as:

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

3.5 Operational risk

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

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

3.6 Risk Assessment/Measurement

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

3.7 Risk Concentration

Currently there are no material operational risk concentrations.

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

3.8 Risk Mitigation

The Company addresses its operational risk through the following:

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

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

3.9 Risk Sensitivity

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

4 Valuation for solvency purposes

4.1 Assets

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

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

£'000	Solvency II	Valuation
Deferred technical costs	-	1,492
Property (other than own use)	5,592	5,592
Participations	692	502
Equities	578	578
Reinsurance recoverable	14,744	16,816
Deposits to cedants	15,975	15,975
Insurance & intermediaries' receivables	1,851	4,851
Reinsurance receivables	809	809
Cash and cash equivalents	5,767	5,767
Any other assets, not elsewhere shown	631	631
Total Assets	**46,639**	**53,014**

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

Properties - The Company holds investment property in the UK currently valued at £5.6m. There are no differences in the Solvency II value or GAAP value of these amounts.

4.1.1 Differences between GAAP and Solvency II valuation

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

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

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

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

4.2 Technical provisions

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

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

£'000	Claims Provision		Premium Provision		Risk Margin
Line Of Business	**Gross BE**	**RI Recoverable**	**Gross BE**	**RI Recoverable**	
Motor TPL	23,395	8,876	4,916	3,705	**901**
Other motor	786	298	165	125	**30**
annuities streaming from non-life obligations SCR	1,750	1,740	-	-	**-**
Total	**25,931**	**10,915**	**5,081**	**3,829**	931

4.2.1 Claims Provision

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

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

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

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

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

4.2.2 Premium Provision

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

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

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

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

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

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

4.2.3 Risk Margin

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

4.2.4 Discounting

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

4.2.5 Level of Uncertainty

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

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

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

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

4.2.6 Differences between Solvency II Valuation and GAAP Valuation

SOLVENCY II £'000	CLAIMS PROVISION	PREMIUM PROVISION	RISK MARGIN
Gross	25,931	5,081	931
RI Recoverable	10,915	3,829	-
Net	**15,016**	**1,252**	**931**

GAAP £'000	CASE ESTIMATES & IBNR	UPR
Gross	26,050	12,632
RI	10,843	5,974
Net	**15,207**	**6,659**

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

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

4.2.7 Additional Disclosures

There was no material change in the methodology used when compared to 28 February 2017.

4.3 Valuation of other liabilities

4.3.1 Value of other liabilities

	SOLVENCY II	GAAP
Provisions other than technical provisions	208	208
Deferred tax liabilities	87	-
Reinsurance payables	5,348	5,348
Payables (trade, not insurance)	725	725

4.4 Any other information

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

5 Capital Management

5.1 Own Funds

5.1.1 Objectives, policies and processes employed for managing its own funds

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

5.1.2 Information on the structure, amount and quality of own funds at the end of the reporting period and at the end of the previous reporting period

The following table shows the structure of own funds as at 28 February 2018 as well as at 28 February 2017

Own Funds £'000	Feb-18	Feb-17
Ordinary share capital	14	14
Preference shares	689	689
Reconciliation reserve	7,675	5,901
Total Basic Own Funds	**8,378**	**6,604**

5.1.3 Eligible amount of own funds to cover SCR & MCR

The composition of Own Funds as at 28 February 2018 and the classification into tiers is shown below:

Eligible Own Funds £	Total	Tier 1	Tier 2	Tier 3
Ordinary share capital	14	14	-	-
Preference shares	689	689	-	-
Reconciliation reserve	7,675	7,675	-	-
Total Basic Own Funds	**8,378**	**8,378**	**-**	**-**

All the above own funds items are eligible to cover the SCR and MCR.

5.1.4 Material terms and conditions of the main items of own funds held by the undertaking

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

5.1.5 GAAP Equity vs Own Funds

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

	GAAP £'000	Solvency II £'000	Movement £'000
Total Assets	53,014	46,639	- 6,375
Total Liabilities	44,963	38,261	- 6,702
Total Own Funds	**8,050**	**8,378**	**328**

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

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

5.1.6 The expected developments of the undertaking's own funds over its business planning period

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

Eligible Own Funds to meet SCR £'000	2019	2020	2021
Total Own Funds	10,359	12,627	13,991

5.1.7 Whether there is any intention to repay or redeem any own-fund item

There is no intention to repay or redeem any own-fund item.

5.1.8 Plans to raise additional own funds

There were no plans to raise additional own funds.

5.2 Solvency Capital Requirement and Minimum Capital Requirement

5.2.1 Amounts of SCR and MCR

As at 28 February 2018 the SCR of the company was calculated at £7,749k and the MCR at £3,280k.

5.2.2 Breakdown of SCR by risk modules

The following table shows the SCR split by risk modules:

Solvency Capital Requirement £'000	Feb-2018	Feb-2017
Market risk	1,908	2,139
Counterparty default risk	777	717
Non-Life underwriting risk	6,495	5,089
Life underwriting risk	5	-
Sum of risk components	9,185	7,945
Diversification effects	-1,542	-1,554
Diversified risk	7,644	6,391
Intangible asset risk	-	-
Basic SCR	7,644	6,391
Operational risk	886	875
Adjustments	-780	-636
SCR	**7,749**	**6,631**

5.2.3 Simplifications

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

5.2.4 Undertaking-specific parameters

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

5.2.5 Information on the inputs used to calculate the MCR

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

Minimum Capital Requirement £'000s	Feb-2018	Feb-2017
Linear MCR	2,653	2,610
SCR	7,749	6,631
MCR cap	3,487	2,983
MCR floor	1,937	1,630
Combined MCR	2,653	2,610
Absolute floor of the MCR	3,280	3,161
MCR	**3,280**	**3,161**

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

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

Solvency Capital Requirement £'000	Feb-2019	Feb-2020	Feb-2021
SCR	7,849	8,023	8,154
Eligible own funds	10,359	12,627	13,991
Solvency Ratio	132%	157%	172%

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

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

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

5.3.1 Non-compliance with the MCR & SCR

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

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

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

5.3.3 Plans to ensure compliance with SCR and MCR is maintained

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

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

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

Appendices

Appendix A: Quantitative Reporting Templates

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	-
Deferred tax assets	**R0040**	-
Pension benefit surplus	**R0050**	-
Property, plant & equipment held for own use	**R0060**	-
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	6,861,596
Property (other than for own use)	**R0080**	5,591,603
Holdings in related undertakings, including participations	**R0090**	691,912
Equities	**R0100**	578,081
Equities - listed	**R0110**	203,081
Equities - unlisted	**R0120**	375,000
Bonds	**R0130**	-
Government Bonds	**R0140**	-
Corporate Bonds	**R0150**	-
Structured notes	**R0160**	-
Collateralised securities	**R0170**	-
Collective Investments Undertakings	**R0180**	-
Derivatives	**R0190**	-
Deposits other than cash equivalents	**R0200**	-
Other investments	**R0210**	-
Assets held for index-linked and unit-linked contracts	**R0220**	-
Loans and mortgages	**R0230**	-
Loans on policies	**R0240**	-
Loans and mortgages to individuals	**R0250**	-
Other loans and mortgages	**R0260**	-
Reinsurance recoverables from:	**R0270**	14,743,990
Non-life and health similar to non-life	**R0280**	13,003,790
Non-life excluding health	**R0290**	13,003,790
Health similar to non-life	**R0300**	-
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	1,740,200
Health similar to life	**R0320**	-
Life excluding health and index-linked and unit-linked	**R0330**	1,740,200
Life index-linked and unit-linked	**R0340**	-
Deposits to cedants	**R0350**	15,974,714
Insurance and intermediaries receivables	**R0360**	1,851,078
Reinsurance receivables	**R0370**	809,212
Receivables (trade, not insurance)	**R0380**	-
Own shares (held directly)	**R0390**	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	-
Cash and cash equivalents	**R0410**	5,767,390
Any other assets, not elsewhere shown	**R0420**	630,951
Total assets	**R0500**	46,638,931
Liabilities		
Technical provisions – non-life	**R0510**	30,193,051
Technical provisions – non-life (excluding health)	**R0520**	30,193,051
Technical provisions calculated as a whole	**R0530**	-
Best Estimate	**R0540**	29,262,201
Risk margin	**R0550**	930,851
Technical provisions - health (similar to non-life)	**R0560**	-
Technical provisions calculated as a whole	**R0570**	-
Best Estimate	**R0580**	-
Risk margin	**R0590**	-
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	1,750,265
Technical provisions - health (similar to life)	**R0610**	-
Technical provisions calculated as a whole	**R0620**	-
Best Estimate	**R0630**	-
Risk margin	**R0640**	-
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	1,750,265
Technical provisions calculated as a whole	**R0660**	-
Best Estimate	**R0670**	1,750,265
Risk margin	**R0680**	-
Technical provisions – index-linked and unit-linked	**R0690**	-
Technical provisions calculated as a whole	**R0700**	-
Best Estimate	**R0710**	-
Risk margin	**R0720**	-
Contingent liabilities	**R0740**	-
Provisions other than technical provisions	**R0750**	208,260
Pension benefit obligations	**R0760**	-
Deposits from reinsurers	**R0770**	-
Deferred tax liabilities	**R0780**	36,408
Derivatives	**R0790**	-
Debts owed to credit institutions	**R0800**	-
Financial liabilities other than debts owed to credit institutions	**R0810**	-
Insurance & intermediaries payables	**R0820**	-
Reinsurance payables	**R0830**	5,347,509
Payables (trade, not insurance)	**R0840**	725,383
Subordinated liabilities	**R0850**	-
Subordinated liabilities not in Basic Own Funds	**R0860**	-
Subordinated liabilities in Basic Own Funds	**R0870**	-
Any other liabilities, not elsewhere shown	**R0880**	-
Total liabilities	**R0900**	38,260,876
Excess of assets over liabilities	**R1000**	8,378,055

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

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**												Line of Business for: **accepted non-proportional reinsurance**				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written																		
Gross - Direct Business	**R0110**				7,093,977	4,729,318												11,823,296
Gross - Proportional reinsurance accepted	**R0120**				7,969,140	5,312,760												13,281,900
Gross - Non-proportional reinsurance accepted	**R0130**																	
Reinsurers' share	**R0140**				6,668,117	4,445,411												11,113,528
Net	**R0200**				8,395,001	5,596,667												13,991,668
Premiums earned																		
Gross - Direct Business	**R0210**				5,810,284	3,873,522												9,683,806
Gross - Proportional reinsurance accepted	**R0220**				8,184,424	5,456,283												13,640,706
Gross - Non-proportional reinsurance accepted	**R0230**																	
Reinsurers' share	**R0240**				5,314,431	3,542,954												8,857,386
Net	**R0300**				8,680,276	5,786,851												14,467,127
Claims incurred																		
Gross - Direct Business	**R0310**				9,491,837	6,327,892												15,819,729
Gross - Proportional reinsurance accepted	**R0320**				-	-												-
Gross - Non-proportional reinsurance accepted	**R0330**																	
Reinsurers' share	**R0340**				2,920,362	1,946,908												4,867,270
Net	**R0400**				6,571,475	4,380,984												10,952,459
Changes in other technical provisions																		
Gross - Direct Business	**R0410**				- 188,271	- 125,514												- 313,785
Gross - Proportional reinsurance accepted	**R0420**				- 188,271	- 125,514												- 313,785
Gross - Non- proportional reinsurance accepted	**R0430**																	
Reinsurers' share	**R0440**																	
Net	**R0500**				- 376,542	- 251,028												- 627,570
Expenses incurred	**R0550**				1,829,869	1,217,958												3,047,827
Other expenses	**R1200**																	-
Total expenses	**R1300**																	3,047,827

Annex I
S.05.02.01
Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010		GB					
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	**R0110**		11,823,296					11,823,296
Gross - Proportional reinsurance accepted	**R0120**		13,281,900					13,281,900
Gross - Non-proportional reinsurance accepted	**R0130**							-
Reinsurers' share	**R0140**		11,113,528					11,113,528
Net	**R0200**		13,991,668					13,991,668
Premiums earned								-
Gross - Direct Business	**R0210**		9,683,806					9,683,806
Gross - Proportional reinsurance accepted	**R0220**		13,640,706					13,640,706
Gross - Non-proportional reinsurance accepted	**R0230**							-
Reinsurers' share	**R0240**		8,857,386					8,857,386
Net	**R0300**		14,467,127					14,467,127
Claims incurred			**-**					-
Gross - Direct Business	**R0310**		15,819,729					15,819,729
Gross - Proportional reinsurance accepted	**R0320**		-					-
Gross - Non-proportional reinsurance accepted	**R0330**							-
Reinsurers' share	**R0340**		4,867,270					4,867,270
Net	**R0400**		10,952,459					10,952,459
Changes in other technical provisions			**-**					-
Gross - Direct Business	**R0410**		- 313,785					- 313,785
Gross - Proportional reinsurance accepted	**R0420**		- 313,785					- 313,785
Gross - Non- proportional reinsurance accepted	**R0430**		-					-
Reinsurers' share	**R0440**		-					-
Net	**R0500**		- 627,570					- 627,570
Expenses incurred	**R0550**		3,047,827					3,047,827
Other expenses	**R1200**		-					-
Total expenses	**R1300**		3,047,827					3,047,827

Annex I
S.12.01.02
Life and Health SLT Technical Provisions

		Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Total (Life other than health insurance, incl. Unit-Linked)
		C0090	C0150
Technical provisions calculated as a whole	R0010		
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020		
Technical provisions calculated as a sum of BE and RM			
Best Estimate			
Gross Best Estimate	R0030	1750264.95	1750264.95
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	1740199.51	1740199.51
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090	10065.44	10065.44
Risk Margin	R0100		
Amount of the transitional on Technical Provisions			
Technical Provisions calculated as a whole	R0110		
Best estimate	R0120		
Risk margin	R0130		
Technical provisions - total	R0200	10065.44	10065.44

Annex I
S.17.01.02
Non-life Technical Provisions

		2	3	4	5	6	7
		Direct business and accepted pr					
		Medical expense insurance	**Income protection insurance**	**Workers' compensation insurance**	**Motor vehicle liability insurance**	**Other motor insurance**	**Marine, aviation and transport insurance**
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**
Technical provisions calculated as a whole	**R0010**						
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	**R0050**						
Technical provisions calculated as a sum of BE and RM							
Best estimate							
Premium provisions							
Gross	**R0060**				4,916,029	165,237	
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**				3,704,758	124,524	
Net Best Estimate of Premium Provisions	**R0150**				1,211,271	40,713	
Claims provisions							
Gross	**R0160**				23,394,599	786,336	
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**				8,876,164	298,344	
Net Best Estimate of Claims Provisions	**R0250**				14,518,435	487,992	
Total Best estimate - gross	**R0260**				28,310,628	951,573	
Total Best estimate - net	**R0270**				15,729,706	528,705	
Risk margin	**R0280**				900,580	30,270	
Amount of the transitional on Technical Provisions							
Technical Provisions calculated as a whole	**R0290**						
Best estimate	**R0300**						
Risk margin	**R0310**						
Technical provisions - total							
Technical provisions - total	**R0320**				29,211,208	981,843	
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**				12,580,922	422,868	
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**				16,630,286	558,975	

8	9	10	11	12	13	14	15	16	17	18
roportional reinsurance						**Accepted non-proportional reinsurance**				
Fire and other damage to property insurance	**General liability insurance**	**Credit and suretyship insurance**	**Legal expenses insurance**	**Assistance**	**Miscellaneous financial loss**	**Non-proportional health reinsurance**	**Non-proportional casualty reinsurance**	**Non-proportional marine, aviation and transport reinsurance**	**Non-proportional property reinsurance**	**Total Non-Life obligation**
C0080	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0170**	**C0180**
										5,081,266
										3,829,282
										1,251,984
										24,180,935
										9,174,508
										15,006,427
										29,262,201
										16,258,411
										930,851
										30,193,051
										13,003,790
										17,189,261

Annex I
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Non-life insurance claims

Total Non-Life Business

Accident year / Underwriting year	Z0010	UWR

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

Development year

Year		0	1	2	3	4	5	6	7	8	9	10&+
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											
N-9	R0160	858,187	3,154,579	2,023,597	1,274,582	1,732,563	440,895	824,189	78,502	- 12,703	85,476	
N-8	R0170	850,857	4,072,447	2,531,762	1,480,422	1,179,773	710,371	144,532	207,804	196,442		
N-7	R0180	1,179,076	3,746,932	2,844,987	1,620,833	728,530	739,177	228,813	137,499			
N-6	R0190	668,322	3,125,540	1,750,570	779,933	768,423	374,093	179,819				
N-5	R0200	665,420	1,872,516	1,391,903	577,187	572,880	310,348					
N-4	R0210	156,872	741,168	544,676	290,882	254,562						
N-3	R0220	1,322,725	5,121,660	3,168,051	2,262,915							
N-2	R0230	813,086	3,312,109	1,900,793								
N-1	R0240	1,313,559	4,229,429									
N	R0250	1,249,673		-								

		In Current year	Sum of years (cumulative)
		C0170	C0180
	R0100		
	R0160	85,476	10,459,868
	R0170	196,442	11,374,410
	R0180	137,499	11,225,848
	R0190	179,819	7,646,701
	R0200	310,348	5,390,254
	R0210	254,562	1,988,161
	R0220	2,262,915	11,875,351
	R0230	1,900,793	6,025,988
	R0240	4,229,429	5,542,987
	R0250	1,249,673	1,249,673
Total	R0260	10,806,955	72,779,241

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

Development year

Year		0	1	2	3	4	5	6	7	8	9	10&+
		C0200	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0290**	**C0300**
Prior	**R0100**											
N-9	**R0160**	0	0	0	0	0	0	0	0	49471.7	- 2,019	
N-8	**R0170**	0	0	0	0	0	0	0	1584721.08	- 411		
N-7	**R0180**	0	0	0	0	0	0	123549.6	76,183			
N-6	**R0190**	0	0	0	0	0	218138.27	31,812				
N-5	**R0200**	0	0	0	0	517602.27	529,774					
N-4	**R0210**	0	0	0	574110.97	277,659						
N-3	**R0220**	0	0	6426849.83	4,202,124							
N-2	**R0230**	0	5391993.3	3,328,467								
N-1	**R0240**	5220800.71	8,895,171									
N	**R0250**	5,822,738										

		Year end (discounted data)
		C0360
	R0100	3,222,276
	R0160	- 1,980
	R0170	- 403
	R0180	74,694
	R0190	31,190
	R0200	519,422
	R0210	272,234
	R0220	4,120,015
	R0230	3,263,429
	R0240	8,721,361
	R0250	5,708,963
Total	**R0260**	25,931,200

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Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		2	3	4	5	6
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	**R0010**	13,500	13,500			
Share premium account related to ordinary share capital	**R0030**	-	-			
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**R0040**	-	-			
Subordinated mutual member accounts	**R0050**					
Surplus funds	**R0070**	-	-			
Preference shares	**R0090**	689,075		689,075		
Share premium account related to preference shares	**R0110**	-		-		
Reconciliation reserve	**R0130**	7,675,480	7,675,480			
Subordinated liabilities	**R0140**	-		-		
An amount equal to the value of net deferred tax assets	**R0160**	-				
Other own fund items approved by the supervisory authority as basic own funds not specified above	**R0180**					
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						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	**R0220**					
Deductions						
Deductions for participations in financial and credit institutions	**R0230**					
Total basic own funds after deductions	**R0290**	8,378,055	7,688,980	689,075		
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	**R0300**					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	**R0310**					
Unpaid and uncalled preference shares callable on demand	**R0320**					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	**R0330**					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**R0340**					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	**R0350**					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0360**					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0370**					
Other ancillary own funds	**R0390**					
Total ancillary own funds	**R0400**					
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	8,378,055	7,688,980	689,075		
Total available own funds to meet the MCR	**R0510**	8,378,055	7,688,980	689,075		
Total eligible own funds to meet the SCR	**R0540**	8,378,055	7,688,980	689,075		
Total eligible own funds to meet the MCR	**R0550**	8,378,055	7,688,980	689,075		
SCR	**R0580**	7,749,063				
MCR	**R0600**	3,279,680				
Ratio of Eligible own funds to SCR	**R0620**	108%				
Ratio of Eligible own funds to MCR	**R0640**	255%				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	**R0700**	8,378,055	
Own shares (held directly and indirectly)	**R0710**	-	
Foreseeable dividends, distributions and charges	**R0720**	-	
Other basic own fund items	**R0730**	702,575	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	-	
Reconciliation reserve	**R0760**	7,675,480	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life business	**R0770**		
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**		
Total Expected profits included in future premiums (EPIFP)	**R0790**		

Annex I
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Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	1,907,969		
Counterparty default risk	R0020	777,312		
Life underwriting risk	R0030	5,098		
Health underwriting risk	R0040	-		
Non-life underwriting risk	R0050	6,495,075		
Diversification	R0060	- 1,541,903		
Intangible asset risk	R0070	-		
Basic Solvency Capital Requirement	R0100	7,643,551		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	885,742
Loss-absorbing capacity of technical provisions	R0140	-
Loss-absorbing capacity of deferred taxes	R0150	- 780,231
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-
Solvency Capital Requirement excluding capital add-on	R0200	7,749,063
Capital add-on already set	R0210	-
Solvency capital requirement	R0220	7,749,063
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

Annex I
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
MCR_{NL} Result	**R0010**	2,652,674

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	**C0030**
Medical expense insurance and proportional reinsurance	**R0020**	-	-
Income protection insurance and proportional reinsurance	**R0030**	-	-
Workers' compensation insurance and proportional reinsurance	**R0040**	-	-
Motor vehicle liability insurance and proportional reinsurance	**R0050**	15,729,706	11,927,405
Other motor insurance and proportional reinsurance	**R0060**	528,705	2,064,264
Marine, aviation and transport insurance and proportional reinsurance	**R0070**	-	-
Fire and other damage to property insurance and proportional reinsurance	**R0080**	-	-
General liability insurance and proportional reinsurance	**R0090**	-	-
Credit and suretyship insurance and proportional reinsurance	**R0100**	-	-
Legal expenses insurance and proportional reinsurance	**R0110**	-	-
Assistance and proportional reinsurance	**R0120**	-	-
Miscellaneous financial loss insurance and proportional reinsurance	**R0130**	-	-
Non-proportional health reinsurance	**R0140**	-	-
Non-proportional casualty reinsurance	**R0150**	-	-
Non-proportional marine, aviation and transport reinsurance	**R0160**	-	-
Non-proportional property reinsurance	**R0170**	-	-

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_L Result	**R0200**	211.3741828

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	**C0060**
Obligations with profit participation - guaranteed benefits	**R0210**		
Obligations with profit participation - future discretionary benefits	**R0220**		
Index-linked and unit-linked insurance obligations	**R0230**		
Other life (re)insurance and health (re)insurance obligations	**R0240**	10,065.44	
Total capital at risk for all life (re)insurance obligations	**R0250**		

Overall MCR calculation

		C0070
Linear MCR	**R0300**	2,652,885
SCR	**R0310**	7,749,063
MCR cap	**R0320**	3,487,078
MCR floor	**R0330**	1,937,266
Combined MCR	**R0340**	2,652,885
Absolute floor of the MCR	**R0350**	3,279,680
		C0070
Minimum Capital Requirement	**R0400**	3,279,680