Acasta European Insurance Company Limited
Focus Holdings (Gibraltar) Limited

Solvency & Financial Condition Report

For year ended 31st December 2020

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Executive Summary

HIGHLIGHTS
• Solvency Capital Requirement coverage of 160% (2019: 111%) • Gross written premium of £39.7m (2019: £59.0m) • Profit for 2020 of £1.7m (2019: £(1.7)m) • Maintained a strong reinsurance programme with A rated reinsurers • Shareholders injected £7m capital during 2020 and a further 6m in Q1 2021 • The Company is in a strong position to mitigate any future volatility, including the impact of Coronavirus

This report relates to the Group, which is made up of Focus Holdings (Gibraltar) Limited ('FHGL' or 'the Group'), an insurance holding company, and Acasta European Insurance Company Limited ('AEICL' or 'the Company'). AEICL is a 100% subsidiary of FHGL. The purpose of this report is to satisfy the public disclosure requirements under Gibraltar and EU law including the Delegated Regulations of the European Parliament. The elements of the disclosure relate to business and performance, system of governance, risk profile, valuation for solvency purposes and capital management.

The Group had a positive 2020 in terms of performance and a strengthened capital position. The Company is reporting a net profit of £1.7m and, coupled with £7m of additional capital received during the year, a strong solvency coverage ratio of 160% (2019: 111%). A reduction in gross written premium is largely due to exiting the European business, withdrawing from legal expenses business and some impact from Covid.

To further strengthen the capital position of the Company, an additional £6m of capital was introduced in January 2021. This capital further increases the SCR% to 189%, based on the December 2020 position.

As well as capital and performance improvements, the Company has made significant investment in its systems and resources during 2020. These improvements include a new underwriting and accounting system and further recruitment to strengthen our in-house capability.

The Company's business activities are now focused on the United Kingdom. Our European business is in run-off in accordance with the regulatory requirements of each territory. During 2020 the Company decided to withdraw from the legal expenses market. The existing AEL team have been retained to manage the policies to their conclusion.

Covid was the dominant issue of 2020 and looks likely to continue through 2021. For AEICL, Covid has crystallised its impact in reduced premium volumes, reduced claims frequencies and lower than expected investment returns.

The Boards are committed to ensuring that the Group's business is always managed in a risk-focused manner. The risk management philosophy is an integral part of the business culture and the decision-making processes and drives the way the Group seeks to achieve its objectives. The governance and risk frameworks are detailed in this report.

On behalf of the Board **Date: 20 May 2021**
Acasta European Insurance Company Limited

A. Business & Performance

1. Business

1.1. This report relates to Focus Holdings (Gibraltar) Limited ('FHGL') and Acasta European Insurance Company Limited ('AEICL' or 'the Company'). AEICL is an insurance Company licensed in Gibraltar and limited by shares.

1.2. FHGL is a non-regulated holding company domiciled in Gibraltar. Group supervision is carried out by AEICL's regulator:

Gibraltar Financial Services Commission
PO Box 940
Suite 3, Atlantic Suites
Gibraltar
Tel: +350 200 40283
www.fsc.gi

1.3. FHGL's and AEICL's external auditor is:

RSM Gibraltar Limited
21 Engineer Lane
Gibraltar
GX11 1AA
https://www.rsm.global/gibraltar

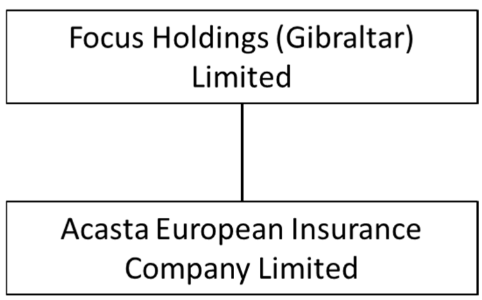
FHGL and AEICL prepare their audited financial statements in accordance with Generally Accepted Accounting Principles in Gibraltar ('GAAP').

1.4. FHGL shareholders with qualifying holdings at 31 December 2020:

Peter Done
Lea Ann Done-Jackson
Nicola Done-Orrell

AEICL is 100% owned by Focus Holdings (Gibraltar) Limited.

1.5. The FHGL structure is shown below:



1.6. The Company conducts insurance business across several licence classes in multiple territories and in several different currencies. The table below shows the business licence by class for the year to December 2020:

Class	Type of insurance business	Jurisdiction
1	Accident	France, Spain, UK
2	Sickness	France, Spain, UK
8	Fire and natural forces	UK
9	Damage to property	France, Poland, UK
13	General liability	France, Ireland, UK
15	Suretyship	France, Ireland, Spain, UK
16	Miscellaneous financial loss	Austria, Belgium, Czech Republic, France, Germany, Hungary, Ireland, Luxembourg, Poland, Slovakia, Spain, UK, Australia
17	Legal Expenses	France, Ireland, Poland, UK
18	Assistance	Poland, UK

All EU business was put into run-off during 2020. Where continuing claims handling was not permitted by the host state policies were cancelled or the policies were left to expire and not renewed.

1.7. The material undertaking in the Group is AEICL as FHGL is solely a holding company. AEICL's results and net assets are as follows:

Undertaking	Profit/(Loss) after tax £m		Total Assets £m		Net Assets £m	
	2020	2019	2020	2019	2020	2019
AEICL	1.7	(1.7)	129.9	158.1	26.0	17.8

1.7.1. FHGL is a non-trading insurance holding company.

1.7.2. AEICL's source of profit is from underwriting activities and investment income which is explained in further detail in this report.

2. Underwriting Performance

2.1. The Company reported a technical profit of £1.4m for 2020 (2019: loss £(2.1)m).

2.2. Total gross written premiums were £39.7m (2019: £59.0m). The classification by line of business and geographical area for 2020 and 2019 is shown below.

2020	**Property**	**General Liability**	**Suretyship**	**Miscellaneous Financial Loss**	**Legal Expenses**	**Assistance**	**Total**
Territory	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Australia	0	0	0	8	0	0	8
Austria	0	0	0	0	0	0	0
Belgium	0	0	0	7	0	0	7
Czech Republic	0	0	0	31	0	0	31
France	39	0	0	296	0	0	336
Germany	0	0	0	1	0	0	1
Hungary	0	0	0	3	0	0	3
Ireland	274	132	(18)	783	0	0	1,171
Poland	0	0	0	113	0	0	113
Slovakia	0	0	0	184	0	0	184
Spain	0	0	430	0	0	0	430
United Kingdom	4,120	237	1,274	29,891	1,875	20	37,417
Total	**4,433**	**369**	**1,686**	**31,317**	**1,875**	**20**	**39,700**

2019	**Property**	**General Liability**	**Suretyship**	**Miscellaneous Financial Loss**	**Legal Expenses**	**Assistance**	**Total**
Territory	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**
Australia	0	0	0	0	0	0	0
Austria	0	0	0	732	0	0	732
Belgium	0	0	0	14	0	0	14
Czech Republic	0	0	0	1,439	0	0	1,439
France	279	8	0	9,037	0	0	9,324
Germany	0	0	0	1,699	0	0	1,699
Hungary	0	0	0	38	0	0	38
Ireland	458	315	(63)	721	0	0	1,431
Poland	0	0	0	971	0	0	971
Slovakia	0	0	0	329	0	0	329
Spain	0	0	3,698	244	0	0	3,942
United Kingdom	2,610	356	1,869	31,402	2,791	0	39,056
Total	**3,348**	**679**	**5,504**	**46,625**	**2,791**	**28**	**58,975**

2.3. Gross written premiums reduced by £19.3m in 2020. £17.6m is attributable to the Company exiting European business as a result of Brexit. Other factors leading to reduced premium for 2020 are the impact of Covid and the decision to withdraw from the legal expenses market.

2.4. Covid has resulted in a reduction in sales of new vehicles and similarly our new business has seen a reduction. As a result our UK Miscellaneous Financial Loss business reduced by £1.5m in the UK.

2.5. Warranty sales in respect of brown and white goods have been largely unaffected but furniture warranty sales have seen a reduction due to the closure of retailers' premises.

2.6. Our legal expense business is now in run off. The existing AEL team have been retained to manage the policies to their conclusion. In the event that AEL suffers any relevant staff losses, we have agreed with an expert legal practice that they will assist in the run-off of the business.

2.7. Reduced claims frequencies for the Company's motor related products were evidenced in the year end external review of best estimates. The Company's policy continues to be to use at least the external actuary's reserve best estimates in the management accounts and solvency calculations.

2.8. Overall improved ultimate loss ratios for 2020 and previous years are largely as a result of underwriting and pricing decisions taken in 2019 and 2020 and the benefit in claims frequencies for the Company's motor related products due to Covid. The improved underwriting results are shown below:

2020	**Property**	**General Liability**	**Suretyship**	**Miscellaneous Financial Loss**	**Legal Expenses**	**Assistance**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Gross written premium	4,433	369	1,686	31,317	1,875	20	**39,700**
Net earned premium	873	106	69	13,121	417	12	**14,597**
Technical Account before operating expenses	**509**	**442**	**1,074**	**5,785**	**1,404**	**7**	**9,221**

2019	**Property**	**General Liability**	**Suretyship**	**Miscellaneous Financial Loss**	**Legal Expenses**	**Assistance**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Gross written premium	3,348	679	5,504	46,625	2,791	28	**58,975**
Net earned premium	237	78	(129)	9,177	2,101	10	**11,473**
Technical Account before operating expenses	**6**	**110**	**(408)**	**1,765**	**(671)**	**22**	**823**

2.9. In order to manage its solvency capital position the Company continues to operate with the benefit of quota share reinsurance with A rated (AM Best) Swiss Re and Ocean Re across several lines of business. Under the terms of the agreements the Company is entitled to receive various commissions and fees including placement fees, reinsurance commission and profit commission.

3. Investment Performance

3.1 FHGL's investments comprise the equity holdings in AEICL. AEICL employs an external investment manager, J Safra Sarasin. They manage the investments in accordance with the Company's investment risk appetite. To minimise currency exposure assets and liabilities are held and matched in the same currency. A summary of the type of investments and performance is shown below:

	2020	2019
	£	£
Financial assets		
Debt securities and other fixed income securities	9,317,935	6,443,004
Collective investment undertakings	872,908	2,991,829
Derivative assets	-	15,339,809
	10,190,843	24,774,642
Cash and cash equivalents	41,224,854	35,523,390
Total financial assets	**51,415,697**	**60,298,032**

2020	**Net investment income £**	**Net realised gains and losses £**	**Changes in fair value £**	**Net investment result £**
Rental income	2,544	-	-	2,544
Debt securities	260,211	256,913	(21,309)	495,815
Derivatives	-	(953,669)	-	(953,669)
Other investment expenses	(62,870)	-	-	(62,870)
	199,885	**(696,756)**	**(21,309)**	**(518,180)**

2019	**Net investment income £**	**Net realised gains and losses £**	**Changes in fair value £**	**Net investment result £**
Rental income	44,565	-	-	44,565
Debt securities	1,484,616	1,247,862	462,223	3,194,701
Derivatives	-	-	44,568	44,568
Other investment expenses	(76,762)	-	-	(76,762)
	1,452,419	**1,247,862**	**506,791**	**3,207,072**

3.2 The Company holds derivatives to protect against movements in currencies. While all derivative positions were closed by year end, the Company recorded a £1.0m loss relating to derivatives.

4. Performance of Other Activities

4.1. The summary profit and loss account for the Company for 2019 and 2020 is shown below:

	2020	2019
	£'000	**£'000**
Balance on technical account before operating expenses	**9,221**	**823**
Net operating expenses	(7,820)	(2,873)
Balance on Technical Account	**1,401**	**(2,050)**
Net investment (expense)/income	(518)	3,207
Other income/(expense)	985	(3,052)
Profit/(loss) before taxation	**1,868**	**(1,895)**
Taxation	(212)	177
Profit/(loss) after taxation	**1,656**	**(1,718)**

4.2. Following a review of collectability of net intermediary receivables, the Company has included an adjustment of £3.1m within net operating expenses for 2020.

5. Any Other Information

5.1. Covid-19: The coronavirus pandemic continues to have a severe global economic impact and the Company is not immune from this. Our priorities remain the physical and emotional wellbeing of our employees and ensuring that our client facing teams continue to provide our usual excellent level of support and service to customers through a sustained period of uncertainty.

B. System of Governance

1. General Information on System of Governance

FHGL
Governance requirements are largely set by regulatory and legal requirements and oversight of AEICL is provided by the FHGL director on the AEICL Board. FHGL has no Committees or employees.

Dividends on redeemable preference shares were paid to the shareholders during the period totalling £0.1m.

The FHGL Board of Directors is comprised of two executive directors and four non-executive directors. Directors are either not remunerated or remunerated through service agreements held by AEICL.

AEICL

Board and Committee Structure

AEICL carries out its functions via the Board of Directors, a Committee and carefully selected, experienced, outsourced service providers.

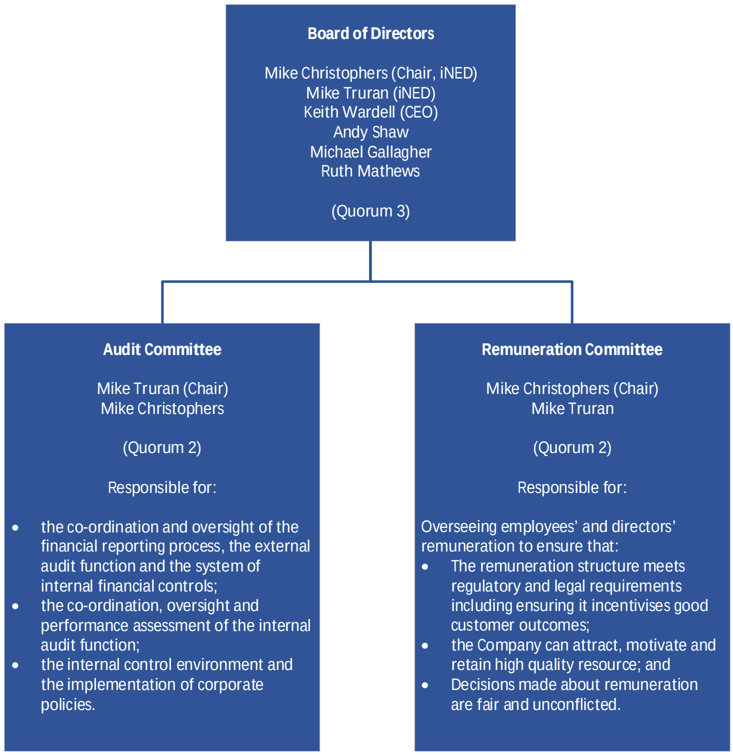
The Directors of AEICL are:

- Keith Wardell - Chief Executive Officer
- Michael Gallagher – Executive Director (from 24th March 2020)
- Ruth Mathews - Executive Director
- Andrew Shaw – Executive Director
- Michael Truran – Independent Non-Executive Director
- Michael Christophers – Chairman and Independent Non-Executive Director

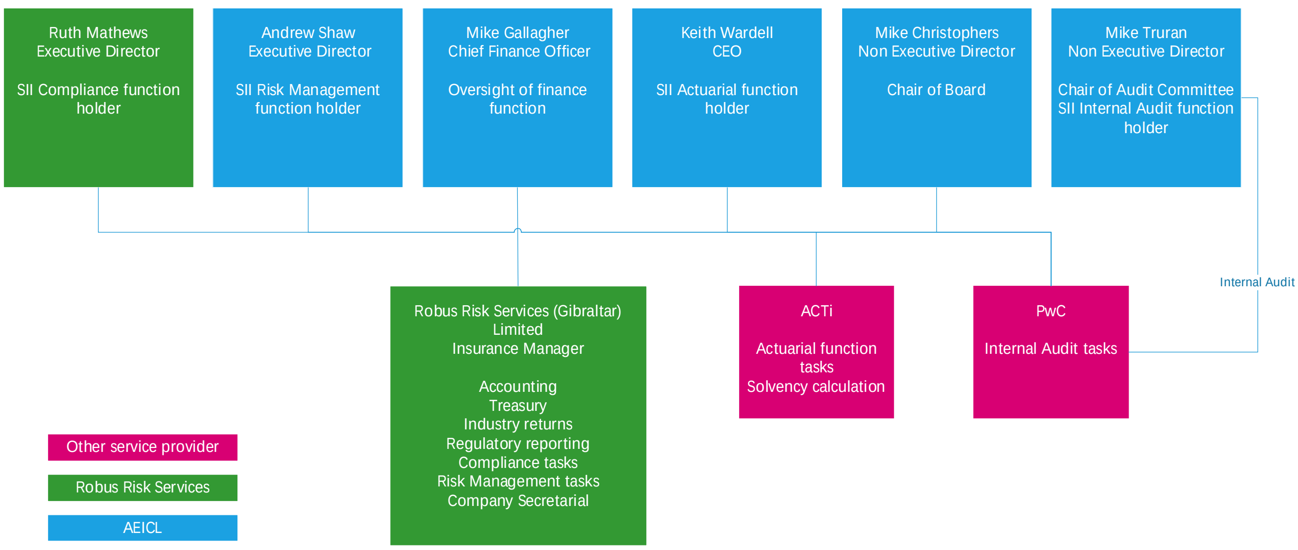
The Company's Board and Committee structure is set out below.

Terms of reference describe the purpose, responsibilities, membership and authority delegated from the Board to the Committees, and held by the Board. Relevant attendees are invited to the Committees as determined by the Committees.

Board and committee structure at 31 December 2020



Roles and Responsibilities at 31 December 2020



In August 2020 the Board established a separate Remuneration Committee to oversee employees' and directors' remuneration.

In September 2020 the Board engaged ACTi Consulting to provide actuarial services including fulfilling the tasks of the actuarial function and completing the solvency calculation for the Company. However, in March 2021, the Company employed a qualified actuary, replacing ACTi, who has been appointed as Actuarial Function Holder and fulfils the tasks of the function. He also completes the solvency calculation and the solvency II related regulatory reporting.

Material Intra-Group Transactions

During the year the shareholders invested additional capital in the insurance company amounting to £7m to support the Company's growth and maintain the SCR ratio within risk tolerance.

Apart from the capital injection, there have been no other material intra-group transactions.

Fit and Proper Requirements

It is the responsibility of the Company Board to ensure that the individuals managing the business or fulfilling key functions have the appropriate knowledge and skills to do so. It ensures that it and all persons in a position of influence over the Company demonstrate and continuously act with honesty, integrity and professionalism and do not pose a risk to key stakeholders.

AEICL has a fit and proper policy and procedures which detail its controls around ensuring that the Company and the key individuals associated with it are fit and proper.

In order to ensure that it meets fit and proper requirements the Board must have the appropriate mix of executive and non-executive directors, and the appropriate mix of skills and experience (composition). The Board reviews its composition on an at least annual basis, or if a new appointment or replacement is being considered, to verify and demonstrate that the Board's skills encompass all areas of the business and particularly that the non-executive directors have sufficient technical knowledge and multiple skills to be able to effectively challenge the executive functions.

Evaluation of fit and proper is made on appointment of a director and an attestation of continued propriety is obtained on an annual basis.

The Company aims to instil a culture with strong communication and complete transparency between the directors and with all stakeholders to facilitate challenge.

The compliance function is responsible for ensuring that appropriate notification documents are prepared for all individuals carrying out regulated functions and submitted for regulatory approval.

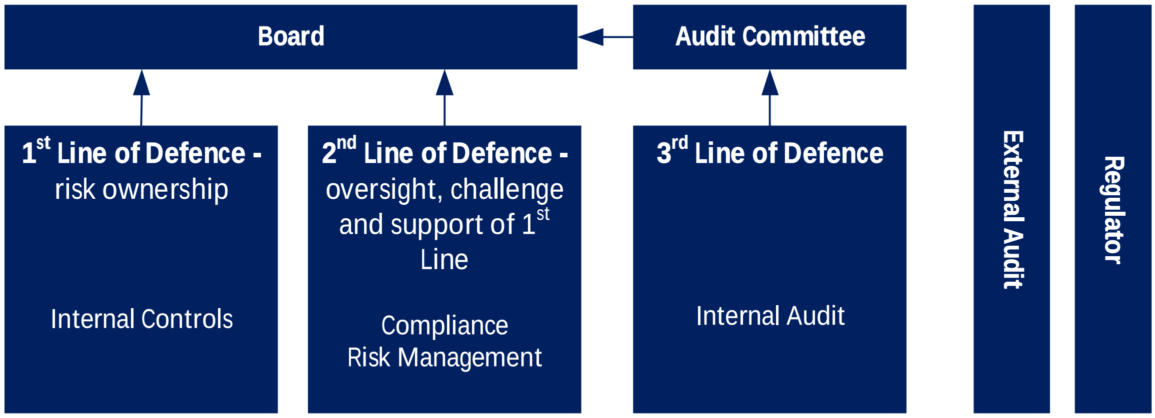
2 Risk Management System including Own Risk and Solvency Assessment ('ORSA')

AEICL recognises the importance of risk management; risk management is at the heart of its internal control system and therefore is key to the business meeting its objectives. This Risk Management Framework ('the Framework') describes how risk management is used by and embedded into the business, and is integrated into decision making.

The Framework:

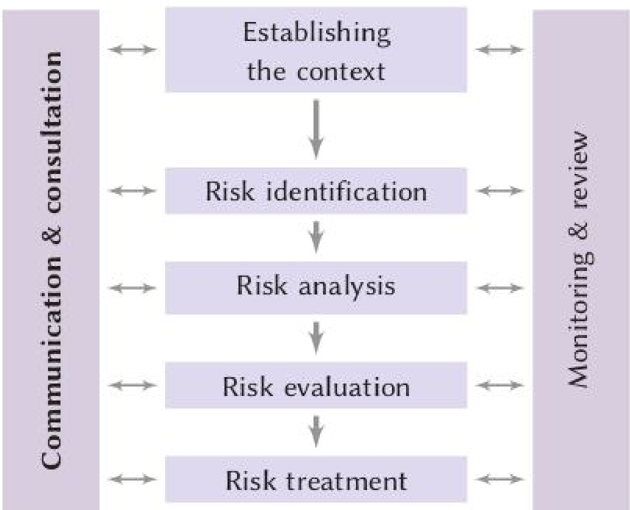
- sets the architecture for the Company's risk management activities including strategy, risk appetite, governance and reporting structure within the business;
- outlines the Company's Risk Management Policy; and
- describes the procedures the Company uses to identify, measure, manage, monitor, record and report on significant risks.

Risk management is integrated into the Company's 'three lines of defence' control model as follows:



Risk management is key for determining, implementing, monitoring and evaluating the internal controls that the Company has in place to manage its risks.

The Company has adopted an approach to risk management which aligns with ISO 13001, the international standard for risk management. This structure is outlined by the diagram below:



The stages of risk management are recorded on the risk register which is then also utilised to monitor and review risks and controls by risk owners and the Board. Risks are reviewed on an at least quarterly basis. Risk identification includes considering emerging risks, and these are recorded on and monitored via a separate register.

Risk appetites and tolerances are set by the Board where relevant for the risk, and the risk profile of the business is monitored against these and reported to the Board on a quarterly basis. Management takes action where the risk lies outside of appetite or tolerance, or is trending towards a breach.

Ultimately the Board is responsible for the function and for embedding risk management into the business, but appoints a risk management function holder ('RMFH') to oversee the day to day function of risk management on its behalf. There is a Board approved Terms of Reference in place for the risk management function which defines its purpose, role, authority and responsibilities.

The reporting structure is very flat with the RMFH reporting directly to the Board on a quarterly basis.

Risk management tasks are outsourced to the Company's insurance manager, Robus Risk Services (Gibraltar) Limited ('RRS'). The RMFH is responsible for this outsourcing and for managing and challenging RRS. RRS reports directly into the RMFH.

One of the key strategic objectives of the Company is to maintain adequate capital from a regulatory perspective and to protect policyholders' interests. The Own Risk Solvency Assessment ('ORSA') enables the Board to assess its capital needs on a forward looking basis across its business planning horizon, and is a key component of the Company's risk management framework.

While the Risk Register focusses on risks from a bottom-up viewpoint, the ORSA takes a top-down approach, linking business objectives, business risks, business planning and capital planning. The results of the ORSA also provides feedback into the risk management process, ensuring that all risks identified are incorporated into the assessment, management, monitoring and reporting cycle.

The assessment is conducted at a Group level; however since the Company is the only trading entity in the Group, with very little risk exposure in Focus Holdings (Gibraltar) Limited ('FHGL'), the ORSA centres on AEICL. The risk management function is responsible for co-ordinating the ORSA.

The ORSA's main purpose is to ensure that the Company engages in the process of assessing all the risks inherent to its business and determines the corresponding capital needs, or identifies other means needed to mitigate these risks. It also explores the impact of stresses and scenarios on the Company to inform business decisions and facilitate the protection of policyholders. The ORSA aims to ensure that appropriate plans are in place to enable the Company to meet its capital requirements both in the immediate and the medium-term future and that all items of own funds comply with the relevant rules, regulations and legislation.

Each time an ORSA is completed and approved by the Board, it is communicated to relevant staff, and a supervisory report is also prepared each time an ORSA is performed. It is completed on an at least annual basis or if there are any material changes to the Company's risk profile or business plan.

3 Internal Control System

FHGL

Internal controls are implemented at a level proportionate to the business, and are driven by regulatory and legal requirements, largely being reporting and accounting controls to enable the monitoring of the business. FHGL is subject to statutory audit which independently reviews its internal control system.

AEICL

AEICL has in place internal controls to manage risk and increase the likelihood that its objectives and goals will be achieved. Risk management and the adherence to internal controls are an integral part of the business culture.

As well as being a key risk response, internal controls are also part of the compliance framework, being the first line of defence in the 'three lines of defence' model that the Company continues to develop.

The Board is ultimately responsible for overseeing and maintaining the adequacy and effectiveness of the internal control system; however, responsibility for adherence to internal controls rests with all individuals involved in the business.

The Company has implemented policies which describe the Board's approach to key areas of the business and procedures where appropriate which describe how the Board fulfils its policies and manages its key risks. In essence, they document the internal controls the Company has in place.

Policies are reviewed at least annually to ensure that they remain accurate and fit for purpose. Each relevant area of the business is responsible for ensuring that their procedures are up to date and reflect how the business operates. As with the policies, they are reviewed at least annually.

Compliance Function

The compliance key function holder is responsible for the completion of compliance tasks although the tasks may be outsourced to the Company's insurance manager. The key function holder is also the Compliance Officer and has direct access to the Board.

The compliance function is responsible for identifying and evaluating compliance risk, overseeing the implementation of controls for the risks identified, and monitoring their efficacy through the compliance monitoring programme. The key function holder reports to the Board at each meeting and provides advice to the business when requested.

The compliance function also liaises with regulatory bodies and authorities and provides updates on changes in legislation and regulatory requirements.

The Board supports the compliance function and makes available such resource as is necessary and provides access to all relevant documentation and information from the business for the compliance function to fulfil its aims.

4 Internal Audit Function

Internal audit exists to provide the Company with independent assessments of the quality of internal controls and administrative processes and provide recommendations and suggestions for continuous improvement. It provides advisory services to management, conducts investigations on an ad hoc basis as requested by management, and has responsibility for assisting in the development and operation of the risk management framework.

The Board appointed internal audit key function holder has responsibility for the internal audit function and reports into the Audit Committee ('AC'). Internal audit tasks are outsourced to a third-party provider selected by the AC. PricewaterhouseCoopers ('PwC') have been engaged as internal auditors for AEICL. The results of PwC's audits are reviewed by the AC. The key function holder also has responsibility for co-ordinating this outsourcing and challenging the results.

The third-party provider prepares an internal audit plan for the following year which is based on a three-year plan and is developed using a risk-based approach to prioritise high risk areas and the extent and frequency of audits. The plan is approved by the AC and provided to the Board for information. The plan is subject to change throughout the year depending on the business and changing risk environment.

Audit reports are produced after each internal audit and provided to the AC for review with management responses. Any actions coming out of the audits are monitored to completion by the AC.

Internal audits will be conducted by appropriately skilled, experienced and independent persons to carry out the audit to the AC's standards.

To carry out its work effectively and to retain integrity of the function, internal audit acts independently of line management. The internal audit function holder is also the Chair of the AC and is responsible for the planning, management and performance of internal audit. The AC consists of two Non-Executive Directors.

The AC provides a quarterly written or verbal report to the Board. Additional AC meetings are held when necessary and a report of these meetings is provided to the Board.

Internal audit reports may be requested by appointed external auditors.

5 Actuarial Function

The CEO was actuarial key function holder during 2020 and the tasks of the function were outsourced to contracted actuaries. The function holder had responsibility for oversight of the outsourced relationship and co-ordinating and challenging the results. However, on 1st April 2021 the Board appointed the company actuary as the actuarial key function holder who now fulfils the tasks directly.

The actuarial function is responsible for:

a) coordination of the calculation of technical provisions;
b) ensuring the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;
c) assessing the sufficiency and quality of the data used in the calculation of technical provisions;
d) comparing best estimates against experience;
e) informing the Board of the reliability and adequacy of the calculation of technical provisions;
f) expressing an opinion on the overall underwriting policy;
g) expressing an opinion on the adequacy of reinsurance arrangements;
h) contributing to the effective implementation of the risk management system.

Each of these activities is undertaken on at least an annual basis and the outcome reported to the Board in an internal actuarial report.

The Company engaged an external actuarial firm in the UK to conduct the full year independent actuarial review of reserves.

6 Outsourcing

Outsourcing is the use of a third party to perform activities on a continuing basis that would normally be undertaken by the Company. The third party to whom an activity is outsourced is a 'service provider'.

AEICL considers outsourcing where it believes that there is an advantage to the Company and customer by using a service provider, e.g. access to specialist resource, provision of services in the same jurisdiction as the customer, cost benefits.

The Board ensures that an outsourcing arrangement does not diminish the ability of the Company to fulfil its obligations to its customers or regulator, nor impede effective supervision by its regulator.

Fundamental responsibilities such as the setting of strategies and policies, oversight of the operation of the Company's processes, and the final responsibility for customers are not outsourced.

FHGL

FHGL is a holding company and has no operational activity. The company's management is outsourced to RRS, primarily consisting of the provision of the accounting function and company secretarial services.

AEICL

AEICL is reliant on a number of material service providers; due to the risk this presents, AEICL has an outsourcing policy which describes how it takes the decision to outsource, how a service provider is selected, and how the relationship is defined, managed and monitored. The Company takes a risk-based approach to all of these activities.

The key outsourced service providers used by AEICL along with the services currently provided are: -

Material Service Providers the Reporting Period:

Service Provider	Service Provided	Jurisdiction Located
Acasta Europe Limited (AEL)	Data analysis and support Underwriting support Claims control and oversight Operational auditing Debtor control Sales and marketing and monitoring of performance	United Kingdom
Robus Risk Services (Gibraltar) Limited	Insurance management (compliance tasks, risk management tasks, accounting, banking and investments, company secretarial)	Gibraltar
CTC Limited	Provides, hosts and develops the policy administration system	United Kingdom
Pecometer	Hosts and develops the Cadmium IT system	United Kingdom
PwC Gibraltar Limited	Internal audit	Gibraltar
J Safra Sarasin	Investment management	Gibraltar

Various	Claims handling and policy administration outsourced under terms of business agreements to local agents.	Austria, Belgium, Czech Republic, France, Germany, Hungary, Ireland, Luxembourg, Poland, Slovakia, Spain, UK
Fiscal representatives	Local tax collection/reporting within a jurisdiction.	Austria, Belgium, Czech Republic, France, Germany, Hungary, Ireland, Luxembourg, Poland, Slovakia, Spain, UK

7 Adequacy of the System of Governance

AEICL aims to continuously improve its compliance and governance systems by ensuring that they are reviewed, evaluated and recommendations made to the Board(s) regarding enhancing and developing the systems, including the outcomes from compliance monitoring programmes, root cause analysis from complaints, breaches and risk events, and incremental development as the systems mature. It also considers relevant industry advice and guidelines, for example the UK Financial Reporting Council's corporate governance code, implementing these as appropriate for the size and complexity of the Company.

Internal audits and external audits provide independent evaluation of the Company's system of governance. Recommendations from these audits are considered by the AC.

C. Risk Profile

1. Underwriting Risk

AEICL is the only company in the FHGL Group which is exposed to underwriting risk; the Group's underwriting risk is therefore the same as AEICL's.

Underwriting risk is a key risk to AEICL. Following Brexit EU business was put into run-off from October 2019 in accordance with EIOPA and local regulatory requirements with no new EU business being written after February 2020. After the event legal expenses (ATE) and commercial ATE business was also put into run-off during 2020. The core lines are motor warranty, brown and white goods warranty, furniture warranty, GAP and surety.

The Company regularly reviews the performance of product lines on a granular basis. Any product or producing agent that returns insufficient premiums and / or profits is examined and remediation action applied. In some cases the decision is taken to close an agency or cease to write a particular product.

The Company places quota share reinsurance to mitigate its underwriting risk and reduce its solvency requirement. This consisted of quota share reinsurance from 1 January 2020 to 31 December 2020 which has been renewed for 2021 across motor warranty, miscellaneous motor add-on, brown and white goods warranty, furniture warranty and partial cover for GAP books. The reinsurer is Swiss Re, which is A+ rated.

The surety business was subject to a 90% quota share reinsurance from A rated Builders Re in 2020. This has been renewed with our retention increasing to 20% for 2021.

We withdrew from writing French construction business in 2018. The run-off of this business is 100% reinsured with an A rated reinsurer.

Underwriting risk is monitored by the Board and by the risk management key function holder via the risk management processes. It is assessed and monitored using key indicators such as written premium, claims reserves, loss ratio, claims frequency, administrative costs and large loss claims details.

The Company sells its insurance through intermediaries who have been granted limited authority via their terms of business agreements, under strict guidelines set by the Board. Intermediaries are monitored by the Board based on management information and are also subject to audits conducted by AEL on behalf of AEICL, to ensure adherence to contractual requirements including delegated underwriting authority parameters. These audits are conducted on a risk assessed basis. The results are reported to the Board which may make underwriting decisions based on the results.

The Company continually seeks to improve the methodology and granularity for identifying, assessing, managing and reporting on underwriting risk.

Setting delegated authority limits appropriate to the risk presented, and careful selection and close monitoring of intermediaries and books of business, are AEICL's primary methods of mitigating underwriting risk. The use of quota share and excess of loss reinsurance is also considered on a book by book basis in accordance with risk appetite.

2. Market Risk

FHGL

FHGL has no exposure to market risks as it holds funds in cash only.

AEICL

The Board is responsible for reviewing and monitoring market risk and maximising investment returns within the Company's risk appetites and tolerances. The Company engages an investment manager, J Safra Sarasin, to provide specialist knowledge and detailed investment analysis and make recommendations to the Board. J Safra Sarasin operates in accordance with the Company's investment risk appetite and guidelines.

AEICL pursues a conservative investment strategy, focussed on the preservation of capital. As a result, the Company has no investments in equities, only limited investment in property, and holds its funds in GBP based investments.

Currency

Following the Company's decision to withdraw from European business exposure to currency risk has been virtually eliminated.

Property

The Company has two properties, one in Gibraltar and one in London. Their values are not material to the risk profile. It therefore has minimal exposure to property risk.

Interest rate

Interest rate risk arises as a result of the impact of interest yield curves on future payments to be made in respect of claims and receipts from the Company's investments. The interest yield curves in the UK have decreased in the reporting period which reflects the decreases in base rates applied by the Bank of England. Continuing economic uncertainty in the UK and Europe around the effects of Brexit and the Covid pandemic continues to keep rate expectations low in the UK.

The Company's exposure to interest rates arises primarily from bond portfolios (as bond values are susceptible to changes in interest rates) and the settlement of future claims (as the discount rates applied to claims settlement projections are impacted by interest yield curves).

Interest rate risk is assessed and monitored by the Board. The Company considers the prudent person principle (see 8) in considering the investment assets and how they match to the expected payment profile of the Company's technical liabilities. Maximum duration limits (seven years) are also imposed on conventional fixed income assets in order to ensure that interest rate exposure on the bond portfolio is appropriate, while the property portfolio assists in hedging against longer term changes in the interest rate yield curve. The Board reviews the effectiveness of the mitigating measures, considers how they could be improved, and makes recommendations as appropriate.

Concentration

The Board reviews the investment portfolio and assesses the concentration risk that the Company is exposed to, to ensure that it is within the risk appetite. The concentration exposure arises in respect of positions taken in the Company's bond portfolio, property exposure and counterparties in respect of its cash holdings and reinsurance recoveries.

While the Company is exposed to concentration risk from all of the sources described in the previous paragraph, the concentration risk charge under the standard formula is part of market risk and only takes into account the risk relating to bonds and property exposures. Concentration risk is assessed in respect of exposure to any single name. In respect of properties, concentration exposure is considered where the individual properties are part of the same building. Concentration exposure is calculated based on the proportion of the single name exposure relative to the investment assets as a whole.

Concentration risk has not materially changed over the reporting period as the investment profile has remained consistent.

Concentration risk in the bond portfolio is mitigated by limiting exposure to any one single name, the limit depending on the security of the issuer. Concentration risk on property acquisitions is easier to control since the concentration exposure is considered as part of the due diligence on acquisition.

Ongoing monitoring of concentration risk is undertaken by the Board and by the risk management framework, including assessing the efficacy of controls and whether they require improvement or additional mitigating measures are required, to ensure the risk remains within risk appetite.

Concentration of counterparties in respect of cash and reinsurance exposures is considered with credit risk in Section 3.

Spread
Spread risk is the sensitivity of the values of investments, primarily bonds and secured loans in respect of the Company, to changes in the level or in the volatility of credit spreads. As credit spreads will typically be narrower for well rated securities than for poorly rated securities (and for short duration rather than long duration securities), the Company considers credit quality limits to the conventional fixed income assets in their investment guidelines to the investment manager.

The investment policy and risk appetites are reviewed regularly to ensure that the mitigating guidelines in place are still appropriate for the Company and the risk environment in which it operates.

Ongoing monitoring of spread risk is undertaken by Board and by the risk management framework, including assessing the efficacy of controls and whether they require improvement or additional mitigating measures are required, to ensure the risk remains within risk appetite.

3. Credit Risk

<u>FHGL</u>
Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. FHGL is exposed to very low levels of credit risk through amounts held with banks.

<u>AEICL</u>
Key areas where the Company is exposed to credit risk are:

- Reinsurers' share of insurance liabilities;
- amounts due from reinsurers in respect of claims already paid;
- amounts held with banks and other financial institutions; and
- amounts due from insurance intermediaries.

Reinsurance and Financial Institutions
All reinsurance and financial counterparties used have a credit rating of at least 'A-' The Company partners with a limited number of counterparties, reducing exposure and mitigating contagion risk.

On purchasing reinsurance, it also considers other ways of mitigating risk such as collateral or funds withheld arrangements.

Reinsurer credit ratings on the current and historical programmes are monitored on an ongoing basis and reported to the Board.

The Board recognises the concentration risk exposures to Swiss Reinsurance Company Limited ("Swiss Re") and Ocean International Reinsurance Company Limited ('Ocean Re'). Both companies are rated A- or higher and the Board considers the exposure to be acceptable. The ratings of both companies are monitored as described above. A funds withheld account is in place for certain Ocean Re agreements which partly mitigates the concentration risk.

Amounts due from insurance intermediaries

Credit risk arises from the use of insurance intermediaries, as premiums have to be collected from the policyholder and paid to AEICL. Credit risk therefore occurs when the policy has incepted but the policyholder has not yet paid (so the intermediary cannot pay the insurer for time on risk), and when the policyholder has paid, and funds are due from the intermediary.

Intermediary credit risk is mitigated by all intermediary relationships being governed by contractual agreements which specify payment terms. The Chief Financial Officer reviews amounts owed closely, and uses these to monitor and manage intermediaries' performance, escalating to the Board where necessary. Relationships with intermediaries are subject to coverholder audit and can be terminated if contractual payment terms are not met.

Credit risk is also identified, assessed and monitored by the Board through the risk management framework (see above for further details), which necessitates regular review and evaluation of the mitigation measures in place to ensure the risk remains within risk appetite.

4. Prudent Person Principle

The Group and Company are required to invest the assets used to cover the minimum capital requirement and the solvency capital requirement in accordance with the 'prudent person principle'. The prudent person principle states that the assets must be invested in a manner that a 'prudent person' would - that is that the decisions are generally accepted as being sound by an informed person.

Anticipated cash requirements are forecast over a three-year horizon based on the three-year business plan taking into account the liquidity of assets. The bond portfolio is invested in highly liquid securities which, along with the cash and cash equivalents held, are designed to approximate the nature and duration of the insurance liabilities.

The assets of the Company are distributed as disclosed in Section A3 and transitions based on underlying exposure are detailed in Section D1. There are no material other financial instruments held by FHGL.

5. Liquidity Risk

Liquidity risk is the risk that cash may not be available to pay the obligations when they are due.

FHGL

FHGL has liquid assets only so is not exposed to any liquidity risk.

AEICL

The Board is responsible for monitoring and managing liquidity risk, ensuring that AEICL has liquidity available to meet both immediate and foreseeable cash flow requirements. The Company's insurance manager is responsible for day-to-day operational liquidity management. The business is cash flow positive which means that premium income will normally more than offset claims outflows. The investment portfolios do not therefore tend to be called upon to meet claims.

The expected technical profit included in future premiums at the current expected loss ratios is £13,220k.

6. Operational Risk

FHGL

As a holding company, FHGL is exposed to a low level of operational risk. FHGL outsources its operational functions to a company manager, RRS, which has a comprehensive business continuity plan. FHGL is also exposed to a low level of crime risk; operational procedures RRS has in place around the finance function (e.g. two authorisers on payments) are reviewed as part of the external audit.

There have been no material changes to operational risk in the reporting period.

AEICL

AEICL is exposed to a low level of operational risk itself as it outsources the majority of its operational functions (the key service providers being RRS, AEL, CTC and Pecometer) i.e. it is exposed to outsourcing risk instead of operational risk.

AEICL's key operational risks are:

- External and internal fraud: AEICL carries out few operational processes itself, being reliant on outsourced service providers for these. This risk is controlled by having robust due diligence and monitoring procedures in place which encompass both employees/officers of the Company and external service providers. Internally a four-eyes policy is implemented to ensure that all transactions are verified and approved before sending. Nearly all material service providers are regulated companies in their respective jurisdictions. Internal controls are evaluated and improved via the internal audit process.

- IT systems risk: risk of data breach and/or inaccuracy or unavailability of management information. The Company's IT software (provided by CTC and Pecometer) is managed by AEL, who also monitor and manage data quality. This risk is controlled by ensuring that key service providers have robust business contingency plans in place, by ensuring that software is held in escrow, and by ensuring that there are controls in place to ensure data quality. The new IT system was reviewed independently by internal audit during 2020.

Operational risk within AEICL is identified, assessed and monitored through the risk management processes which are overseen by the risk management function holder.

There have been no material changes to the operational risks the Company is exposed to over the reporting period.

7. Other Material Risks

Legislative Changes

The UK FCA and UK Competition Commission carry out regular reviews into the UK insurance market; for example during 2019 they published guidance and launched consultations on the general insurance distribution chain and the fair treatment of vulnerable customers. The Company considers any such consultations or resultant guidance and any changes it should make to ensure best practice.

There is a risk that, in reaction to the FCA's value chain work and the likely significant reduction in commissions charged by distributors, insurance solutions are replaced with service contracts. This could materially impact the warranty market, and volumes and opportunities available to AEICL; however, the Board acknowledges that there is little it can do to mitigate this risk and therefore it is accepted.

Cyber Risk

The Board is aware that the frequency of incidences of cyber-crime is increasing, having a significant deleterious effect on the reputation of the companies involved. These incidents include the sale of customer information and holding company information for ransom.

The Company is being assisted by its outsourced internal auditors PwC in reviewing its controls around cyber risk as part of the implementation of the new IT system.

Covid-19

It is clear that the coronavirus pandemic is continuing to have a severe global economic impact and the Company is not immune from this. Our staff, and the staff of our service providers, are coping admirably and continuing to provide a first class service to our supporting intermediaries and their clients. The position regarding ongoing business volumes and levels of claims remains uncertain and we continue to monitor the position on a weekly basis.

D. Valuation for Solvency Purposes

1. Assets

1.1 The following table shows the differences between the Solvency II valuations of asset classes and those in the Group's Financial Statements, other than technical provisions. Explanations are provided:

Assets (£000)	Solvency II value	Financial statements value	Difference	Explanation
Tangible and intangible assets	0	177	(177)	These are revalued to nil on the S2 valuation basis.
Cash and investments	52,631	52,486	146	This is a reclassification of accrued interest from any other assets to bonds.
Insurance and reinsurance receivables	0	29,751	(29,751)	Insurance and reinsurance receivables are reclassified to technical provisions.
Any other assets	10	275	(264)	In addition to the reclassification of accrued income from cash and investments, the Company revalues prepayments to nil on the S2 valuation basis.
Total	**52,642**	**82,688**	**(30,046)**	

1.2 The following table shows the differences between the Solvency II valuations of asset classes and those in the Company's financial statements, other than technical provisions. Explanations are provided:

Assets (£000)	Solvency II value	Financial statements value	Difference	Explanation
Tangible and intangible assets	0	177	(177)	These are revalued to nil on the S2 valuation basis.
Cash and investments	52,631	52,486	146	This is a reclassification of accrued interest from any other assets to bonds.
Insurance and reinsurance receivables	0	29,751	(29,751)	Insurance and reinsurance receivables are reclassified to technical provisions.
Any other assets	145	409	(264)	In addition to the reclassification of accrued income from cash and investments, the Company revalues prepayments to nil on the S2 valuation basis.
Total	**52,642**	**82,688**	**(30,046)**	

2. Technical Provisions

2.1 The GAAP accounts of both the Group and Company include provisions for claims incurred based on earned premiums which consider all reasonably foreseeable best estimates. This includes reserves for claims incurred plus a provision for claims incurred but not reported ('IBNR'). The Group and the Company also consider any amounts recoverable from reinsurance contracts in respect of claims reserves and IBNR.

2.2 The technical provisions by line of business are as follows:

Line of business	Technical provisions (excluding risk margin) (£'000)	Risk margin (£'000)	Technical provisions (£'000)
Fire and other damage to property insurance	7,939	74	8,013
General liability insurance	13,989	879	14,867
Credit and suretyship insurance	6,673	606	7,279
Legal expenses insurance	(4,030)	372	-3,659
Assistance	(3)		(3)
Miscellaneous financial loss insurance	25,601	755	26,355
Total	**50,168**	**2,685**	**52,853**

Negative technical provisions arise where future premiums exceed provisions for claims.

2.3 The key areas of uncertainty around technical provisions are as follows:

2.3.1 Estimation of outstanding loss reserves ('OSLR') - while information about claims is generally available, assessing the cost of settling the claim is subject to some uncertainty.

2.3.2 Estimation of the losses relating to claims IBNR - this is generally subject to a greater degree of uncertainty than estimating the OSLR since the nature of the claims is not known at the time of reserving.

2.3.3 Estimation of claims arising on business which has not yet expired ('unexpired risks') - this is uncertain as the claims have not yet been incurred but are expected to be incurred on the business which the Company has written.

2.3.4 Market environment - changes in the market environment increase the inherent uncertainty affecting the business. Claims inflation, legal changes (especially on the ATE book), perceived regulatory risk and jurisdictional reputation have all impacted the company and the market environment in recent years.

2.3.5 Events not in data ('ENID loading') - estimating a provision for events not in data is subject to considerable uncertainty as the events being reserved have not been observed.

2.3.6 Run-off expenses - the estimation of the change in expense base for run-off of the Company is inherently uncertain due to the estimations around the period of the run-off, base costs and inflation.

2.3.7 Risk margin - the risk margin, being the margin payable to transfer the business to another insurance carrier, is uncertain due to the requirement to forecast future solvency capital requirements over the period of a run-off.

2.4 The Company manages the risks around these uncertainties via the following actions:

2.4.1 Ongoing monitoring of claims including regular reviews of claims handling functions.

2.4.2 Maintaining reinsurance arrangements to limit the impact of adverse claims development (see [2.8]).

2.4.3 Internal controls through the Board and actuarial function which monitor claims development and reinsurance arrangements.

2.4.4 Regular external actuarial reviews.

2.5 We consider each of these adjustments to transition from GAAP accounts to solvency technical provisions:

2.5.1 Claims provisions - In line with GAAP reserves the Company evaluates the claims provisions on a best estimate basis, albeit on a cash flow basis and with the removal of unearned premium reserves. The Company has considered whether adjustments may be required as a result of contract boundaries and has provided for bound but not incepted premiums and claims.

2.5.2 Reinsurance share of claims provisions – Expected proportional reinsurance recoveries are allowed for by the Group and Company on the same basis as the claims provisions in paragraph [2.5.1].

2.5.3 Unexpired risks - The Company has estimated the claims which will be payable on unexpired risks (sometimes termed 'premium provisions' or the 'unexpired risk reserve') based on the ultimate loss ratios and large loss experience from the claims provisions.

2.5.4 Reinsurance share of unexpired risks - The Company has estimated the amounts recoverable on unexpired risks (sometimes termed 'premium provisions' or the 'unexpired risk reserve') based on the ultimate loss ratios and large loss experience from the claims provisions.

2.5.5 Intermediary and policyholder receivables - Intermediary and policyholder receivables are netted off the technical provisions for solvency purposes. The Company recognises premium receivables in respect of risks that are bound but not incepted (BBNI) which are not included in the GAAP receivables and are netted off the technical provisions for solvency purposes. There are otherwise no valuation differences between GAAP accounts and intermediary and policyholder receivables for solvency purposes.

2.5.6 Other receivables and payables in technical provisions - Other receivables and payables, notably claims funds held by intermediaries and commissions payable to intermediaries, are netted off the technical provisions for solvency purposes. The Company has estimated the other receivables and payables which will be payable on premium provisions and added these to those recorded in the GAAP accounts in respect of the claims provisions.

2.5.7 Reinsurance payables - Net reinsurance payables are netted off the reinsurance recoveries for solvency purposes. There are no valuation differences between GAAP accounts and net reinsurance payables for solvency purposes.

2.5.8 Events not in data loading (ENID) - Technical provisions for solvency purposes are required to allow for all possible events, including those that may not have been historically realised before. Such events not presented in a set of observable historical loss date are often called ENID. This is a difference in valuation methodology compared to the GAAP accounts which consider best estimates which can be reasonably foreseen, and therefore leads to a loading on the technical provisions to consider the probability weighted effect of events which have not previously been observed.

The Company has undertaken an assessment of previously unobserved events for each line of business and sought to consider the probability weighted effect of such events.

2.5.9 Counterparty default provision - The Company has considered a provision for default by one or more of its reinsurance providers. The provision is based on the total exposure to the counterparty, the rating of the counterparty and the existence of any collateral arrangements with the counterparty. The Company estimates the counterparty default provision and considers each of the exposures, net of collateral arrangements in existence, apply the estimated probability of default by rating, and derive a weighted average probability of default.

2.5.10 Run-off provision - Technical provisions for solvency purposes are required to take account of all expenses that will be incurred in servicing insurance obligations. This is commonly referred to as a 'run-off' provision as it therefore considers all future expenses which would be incurred to allow the existing obligations to run off.

The Company have considered a run-off period of nine years to cover the longest running part of the book and estimated the level of future expenses based on the current level of expenses, considering expected changes in the level of activity and an underlying expense inflation.

2.5.11 Discounting - Discounting has been applied in the technical provisions based on a weighted average of the yield curves as issued by the European Insurance and Occupational Pensions Authority ('EIOPA').

2.5.12 Risk Margin - The risk margin has been calculated based on the estimated capital requirements to run off the Company's obligations and applying a cost of capital of 6%, using the Method 1 which is to approximate the individual risks or sub-risks within some or all modules and sub-modules to be used for the calculation of future SCR.

2.6 The Company has not applied the matching adjustment, volatility adjustment, transitional risk-free interest term structure or the transitional deduction in calculating its technical provisions.

2.7 The changes to technical provisions highlighted above are reflected in the following table.:

£000	Net
GAAP technical provisions	**47,501**
Remove UPR	(38,754)
Provision for claims relating to UPR	27,311
Recognise BBNI premiums	(3,234)
Provision for claims relating to BBNI	1,758
ENID	404
Expense provision	3,498
Expected cost of reinsurer default	23
Discounting	3
Restatement of intermediary receivables	(27,531)
Risk margin	2,685
Solvency II technical provisions	**13,665**

2.8 The Company purchases reinsurance as part of its risk mitigation programme. All reinsurance contracts are on a proportional basis. The expected cash flow of ceded losses for each year is based on the difference between the expected cash flow of gross and net unpaid claims liabilities, offset by an adjustment for expected reinsurer default.

2.9 The methodology and assumptions in setting best estimate technical provisions are materially the same as in the previous year. The risk margin continues to be derived using Method 1.

3. Other Liabilities

3.1 The following table shows liabilities other than technical provisions for the Group:

Liabilities (£000)	Solvency II value	GAAP value	Difference
Deferred tax liabilities	749	0	749
Reinsurance payables	0	9,021	(9,021)
Payables (trade, not insurance)	5,629	5,629	0

3.2 The deferred tax liability was due to valuation differences between the Solvency II and GAAP valuation bases whereas reinsurance payables were restated to the Solvency II technical provisions.

3.3 The corresponding table for the Company is materially the same as for the Group and so is not shown.

4. Alternative Methods for Valuation

Not applicable for the Group or Company.

5. Any Other Information

Not applicable for the Group or Company.

E. Capital Management

1. Own Funds

1.1. The Company undertakes an ORSA exercise that also encompasses FHGL at least annually or when the risk profile of the Group or Company changes. The ORSA exercise incorporates the business planning process which is typically considered over a three-year time horizon.

The Company and Group classify their own funds as tier 1, tier 2 or tier 3 depending on the characteristics of the capital. Tier 1 capital is the best form of capital for the purposes of absorbing losses. The Group's own funds are as follows:

Own fund item	Tier	Eligible capital for the SCR 2020 (£'000)	Eligible capital for the MCR 2020 (£'000	Eligible capital for the SCR 2019 (£'000)	Eligible capital for the MCR 2019 (£'000
Ordinary share capital (gross of own shares) and associated share premium	1	13,248	13,248	9,248	9,248
Preference share capital and associated share premium	1	6,150	6,150	3,042	3,042
Preference share capital and associated share premium	2	1,850	1,188	1,958	1,411
Reconciliation reserve	1	11,351	11,351	2,919	2,919
Deferred tax asset	3	0	0	213	0
		32,599	31,937	17,379	16,619

The Company's own funds are as follows.

Own fund item	Tier	Eligible capital for the SCR 2020 (£'000)	Eligible capital for the MCR 2020 (£'000	Eligible capital for the SCR 2019 (£'000)	Eligible capital for the MCR 2019 (£'000
Ordinary share capital (gross of own shares) and associated share premium	1	12,458	12,458	8,458	8,458
Preference share capital and associated share premium	1	6,185	6,185	3,061	3,061
Preference share capital and associated share premium	2	1,815	1,188	1,939	1,417
Reconciliation reserve	1	12,282	12,282	3,787	3,787
Deferred tax asset	3	0	0	213	0
		32,740	32,113	17,457	16,723

The reconciliation reserve represents retained earnings and reconciliation adjustments from GAAP balance sheet to SII balance sheet.

1.2. The eligible capital which may be used towards meeting the Solvency Capital Requirement ('SCR') and Minimum Capital Requirement ('MCR') of the Company is as follows:

Own fund item	Tier	Eligible capital for the SCR 2020 (£'000)	Eligible capital for the MCR 2020 (£'000	Eligible capital for the SCR 2019 (£'000)	Eligible capital for the MCR 2019 (£'000)
Ordinary share capital (gross of own shares) and associated share premium	1	12,458	12,458	8,458	8,458
Preference share capital and associated share premium	1	6,185	6,185	3,061	3,061
Preference share capital and associated share premium	2	1,815	1,188	1,939	1,417
Reconciliation reserve	1	12,282	12,282	3,787	3,787
Deferred tax asset	3	0	0	213	0
		32,740	32,113	17,457	16,723

2. Solvency Capital Requirements and Minimum Capital Requirements

2.1. The SCR of the Group and Company as at 31 December 2020 was £20.5m.

2.2. The MCR of the Group and Company as at 31 December 2020 was £5.9m.

2.3. The SCR of the Company and Group is made up as follows:

2.3.1. The Company and Group are exposed to market risks derived predominately from the assets held by the Company to meet its insurance liabilities, although exposures to shocks in interest rates and currency rates also considered in the exposure from underwriting risks.

	2020		2019	
MARKET RISK	**Company (£'000)**	**Group (£'000)**	**Company (£'000)**	**Group (£'000)**
Interest rate risk	5	5	150	150
Spread risk	598	598	728	728
Equity risk	0	0	-	-
Currency risk	445	445	1,181	1,181
Property risk	268	268	136	136
Concentration risk	0	0	391	391
Market risk diversification	(323)	(323)	(870)	(870)
MARKET RISK TOTAL	**993**	**993**	**1,716**	**1,716**

2.3.2. The Company and Group are exposed to counterparty risks in the form of cash deposits and recoveries from reinsurers (type 1) and from receivables from intermediaries, policyholders and other debtors (type 2).

	2020		2019	
COUNTERPARTY RISK	**Company (£'000)**	**Group (£'000)**	**Company (£'000)**	**Group (£'000)**
Type 1 risk	2,662	2,662	2,292	2,292
Type 2 risk	1,082	1,082	832	832
Market risk diversification	(198)	(198)	(157)	(157)
COUNTERPARTY RISK TOTAL	**3,547**	**3,547**	**2,968**	**2,968**

2.3.3. The Company and Group are exposed to non-life underwriting risk as a result of the insurance policies it sells. The risks are based on volatility around earned premiums and claims reserves, and to catastrophe events to which the Company and Group may be exposed.

	2020		2019	
NON-LIFE UNDERWRITING RISK	**Company (£'000)**	**Group (£'000)**	**Company (£'000)**	**Group (£'000)**
Premium and reserve risk	16,588	16,588	11,175	11,175
Lapse risk	2,360	2,360	2,378	2,378
Catastrophe Risk	4,617	4,617	1,962	1,962
Non-life diversification	(5,117)	(5,117)	(3,459)	(3,459)
NON-LIFE UNDERWRITING RISK TOTAL	**18,448**	**18,448**	**12,056**	**12,056**

2.3.4. The final solvency capital requirement of the Company and Group is the aggregation of the market, counterparty and non-life underwriting risks, less a credit for diversification, an additional charge to represent the operational risks faced by the Company and Group and finally an adjustment for the loss absorbing capacity of deferred tax.

	2020		2019	
SOLVENCY CAPITAL REQUIREMENT	**Company (£'000)**	**Group (£'000)**	**Company (£'000)**	**Group (£'000)**
Market risks	993	993	1,716	1,716
Counterparty risks	3,547	3,547	2,968	2,968
Non-life underwriting risks	18,448	18,448	12,056	12,056
Basic SCR diversification	(2,246)	(2,246)	(2,395)	(2,395)
Operational risks	1,505	1,505	1,331	1,331
Loss absorbing capacity of deferred tax	(1,729)	(1,729)		
SOLVENCY CAPITAL REQUIREMENT	**20,518**	**20,518**	**15,676**	**15,676**

2.4 Neither the Group nor the Company have utilised simplified calculations in applying the standard model and there has been no use of undertaking specific parameters in the non-life underwriting risk calculations.

2.5 The inputs used to calculate the MCR of the Company are as follows:

Line of business	Net (of reinsurance) best estimate and technical provisions calculated as a whole	Net (of reinsurance) written premiums in the last 12 months)
Fire and other damage to property	707,767	1,175,274
General Liability	0	368,604
Suretyship	0	233,106
Miscellaneous Financial Loss	0	416,698
Legal expenses	4,980	5,636
Assistance	14,236,232	24,882,310

2.6 This is the fifth period in which the Solvency Capital Requirement and Minimum Capital Requirement have been reported.

3. Any Other Information

The Directors do not consider that there is any further information which should be disclosed regarding the capital management of the Company or Group.

F. Quantitative Reporting Templates

Quantitative Reporting Templates for Year Ended 31 December 2020

Focus Holdings (Gibraltar) Limited

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**	41,187
Property (other than for own use)	**R0080**	1,070
Holdings in related undertakings, including participations	**R0090**	
Equities	**R0100**	
Equities - listed	**R0110**	
Equities - unlisted	**R0120**	
Bonds	**R0130**	9,463
Government Bonds	**R0140**	
Corporate Bonds	**R0150**	9,463
Structured notes	**R0160**	
Collateralised securities	**R0170**	
Collective Investments Undertakings	**R0180**	873
Derivatives	**R0190**	
Deposits other than cash equivalents	**R0200**	29,781
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**	39,189
Non-life and health similar to non-life	**R0280**	39,189
Non-life excluding health	**R0290**	39,189
Health similar to non-life	**R0300**	
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	
Health similar to life	**R0320**	
Life excluding health and index-linked and unit-linked	**R0330**	
Life index-linked and unit-linked	**R0340**	
Deposits to cedants	**R0350**	
Insurance and intermediaries receivables	**R0360**	
Reinsurance receivables	**R0370**	
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**	11,444
Any other assets, not elsewhere shown	**R0420**	10
Total assets	**R0500**	91,830

Annex I
S.02.01.02
Balance sheet

Liabilities		**Solvency II value**
		C0010
Technical provisions – non-life	**R0510**	52,853
Technical provisions – non-life (excluding health)	**R0520**	52,853
TP calculated as a whole	**R0530**	
Best Estimate	**R0540**	50,168
Risk margin	**R0550**	2,685
Technical provisions - health (similar to non-life)	**R0560**	0
TP calculated as a whole	**R0570**	
Best Estimate	**R0580**	
Risk margin	**R0590**	0
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	
Technical provisions - health (similar to life)	**R0610**	
TP calculated as a whole	**R0620**	
Best Estimate	**R0630**	
Risk margin	**R0640**	
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	
TP calculated as a whole	**R0660**	
Best Estimate	**R0670**	
Risk margin	**R0680**	
Technical provisions – index-linked and unit-linked	**R0690**	
TP calculated as a whole	**R0700**	
Best Estimate	**R0710**	
Risk margin	**R0720**	
Contingent liabilities	**R0740**	
Provisions other than technical provisions	**R0750**	
Pension benefit obligations	**R0760**	
Deposits from reinsurers	**R0770**	
Deferred tax liabilities	**R0780**	749
Derivatives	**R0790**	0
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	
Insurance & intermediaries payables	**R0820**	
Reinsurance payables	**R0830**	
Payables (trade, not insurance)	**R0840**	5,629
Subordinated liabilities	**R0850**	
Subordinated liabilities not in BOF	**R0860**	
Subordinated liabilities in BOF	**R0870**	
Any other liabilities, not elsewhere shown	**R0880**	
Total liabilities	**R0900**	59,231
Excess of assets over liabilities	**R1000**	32,599

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:				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**							4,433	369	1,686	1,875	20	31,317					39,700
Gross - Proportional reinsurance accepted	**R0120**																	
Gross - Non-proportional reinsurance accepted	**R0130**																	
Reinsurers' share	**R0140**							3,258	1	1,453	1,458	14	6,435					12,619
Net	**R0200**							1,175	369	233	417	6	24,882					27,082
Premiums earned																		
Gross - Direct Business	**R0210**							3,268	1,239	3,591	1,875	25	25,816					35,812
Gross - Proportional reinsurance accepted	**R0220**																	
Gross - Non-proportional reinsurance accepted	**R0230**																	
Reinsurers' share	**R0240**							2,395	1,132	2,941	1,458	12	12,695					20,634
Net	**R0300**							873	106	650	417	12	13,121					15,179
Claims incurred																		
Gross - Direct Business	**R0310**							2,641	6,421	-3,376	-108	13	18,198					23,789
Gross - Proportional reinsurance accepted	**R0320**																	
Gross - Non-proportional reinsurance accepted	**R0330**																	
Reinsurers' share	**R0340**							1,996	6,467	-2,978	150	5	10,122					15,762
Net	**R0400**							644	-46	-398	-258	8	8,077					8,028
Changes in other technical provisions																		
Gross - Direct Business	**R0410**																	
Gross - Proportional reinsurance accepted	**R0420**																	
Gross - Non- proportional reinsurance accepted	**R0430**																	
Reinsurers'share	**R0440**																	
Net	**R0500**																	
Expenses incurred	**R0550**							470	39	761	-113	2	3,280					4,439
Other expenses	**R1200**																	54
Total expenses	**R1300**																	4,493

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

		Line of Business for: **life insurance obligations**						**Life reinsurance obligations**		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health	Health reinsurance	Life-reinsurance	
		C0210	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0300**
Premiums written										
Gross	**R1410**									
Reinsurers' share	**R1420**									
Net	**R1500**									
Premiums earned										
Gross	**R1510**									
Reinsurers' share	**R1520**									
Net	**R1600**									
Claims incurred										
Gross	**R1610**									
Reinsurers' share	**R1620**									
Net	**R1700**									
Changes in other technical provisions										
Gross	**R1710**									
Reinsurers' share	**R1720**									
Net	**R1800**									
Expenses incurred	**R1900**									
Other expenses	**R2500**									
Total expenses	**R2600**									

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	IE	ES	FR	SK	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110		37,417	1,057	430	450	184	39,539
Gross - Proportional reinsurance accepted	R0120							
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140		12,452	-12	322	-200	2	12,564
Net	R0200		24,965	1,069	108	650	183	26,975
Premiums earned								
Gross - Direct Business	R0210		24,950	836	2,064	4,721	274	32,845
Gross - Proportional reinsurance accepted	R0220							
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240		13,183	276	1,524	3,388	160	18,531
Net	R0300		11,767	560	540	1,333	114	14,314
Claims incurred								
Gross - Direct Business	R0310		12,083	323	-464	9,932	-48	21,825
Gross - Proportional reinsurance accepted	R0320							
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340		5,660	111	-390	9,200	-44	14,538
Net	R0400		6,423	212	-75	732	-5	7,288
Changes in other technical provisions								
Gross - Direct Business	R0410							
Gross - Proportional reinsurance accepted	R0420							
Gross - Non- proportional reinsurance accepted	R0430							
Reinsurers'share	R0440							
Net	R0500							
Expenses incurred	R0550		3,661	116	629	49	20	4,475
Other expenses	R1200							
Total expenses	R1300							4,475

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

		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
		C0150	C0160	C0170	C0180	C0190	C0200	C0210
	R1400							
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premiums written								
Gross	R1410							
Reinsurers' share	R1420							
Net	R1500							
Premiums earned								
Gross	R1510							
Reinsurers' share	R1520							
Net	R1600							
Claims incurred								
Gross	R1610							
Reinsurers' share	R1620							
Net	R1700							
Changes in other technical provisions								
Gross	R1710							
Reinsurers' share	R1720							
Net	R1800							
Expenses incurred	R1900							
Other expenses	R2500							
Total expenses	R2600							

Annex I
S.23.01.22
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector						
Ordinary share capital (gross of own shares)	R0010	78	78			
Non-available called but not paid in ordinary share capital at group level	R0020					
Share premium account related to ordinary share capital	R0030	13,170	13,170			
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Non-available subordinated mutual member accounts at group level	R0060					
Surplus funds	R0070					
Non-available surplus funds at group level	R0080					
Preference shares	R0090	8		8		
Non-available preference shares at group level	R0100					
Share premium account related to preference shares	R0110	7,992		7,992		
Non-available share premium account related to preference shares at group level	R0120					
Reconciliation reserve	R0130	11,351	11,351			
Subordinated liabilities	R0140					
Non-available subordinated liabilities at group level	R0150					
An amount equal to the value of net deferred tax assets	R0160					
The amount equal to the value of net deferred tax assets not available at the group level	R0170					
Other items approved by supervisory authority as basic own funds not specified above	R0180					
Non available own funds related to other own funds items approved by supervisory authority	R0190					
Minority interests (if not reported as part of a specific own fund item)	R0200					
Non-available minority interests at group level	R0210					
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 other financial undertakings, including non-regulated undertakings carrying out financial activities	R0230					
whereof deducted according to art 228 of the Directive 2009/138/EC	R0240					
Deductions for participations where there is non-availability of information (Article 229)	R0250					
Deduction for participations included by using D&A when a combination of methods is used	R0260					
Total of non-available own fund items	R0270					
Total deductions	R0280					
Total basic own funds after deductions	R0290	32,599	24,599	8,000		
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					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
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					
Non available ancillary own funds at group level	R0380					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					
Own funds of other financial sectors						
Reconciliation reserve	R0410					
Institutions for occupational retirement provision	R0420					
Non regulated entities carrying out financial activities	R0430					
Total own funds of other financial sectors	R0440					
Own funds when using the D&A, exclusively or in combination of method 1						
Own funds aggregated when using the D&A and combination of method	R0450					
Own funds aggregated when using the D&A and a combination of method net of IGT	R0460					
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0520	32,599	24,599	8,000		
Total available own funds to meet the minimum consolidated group SCR	R0530	32,599	24,599	8,000		
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0560	32,599	24,599	6,150	1,850	
Total-eligible own funds to meet the minimum consolidated group SCR	R0570	31,937	24,599	6,150	1,188	
Minimum consolidated Group SCR	R0610	5,942				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	R0650	537.50%				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	R0660	32,599	24,599	6,150	1,850	
Group SCR	R0680	20,518				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	R0690	158.88%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	32,599
Own shares (included as assets on the balance sheet)	R0710	
Forseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	21,248
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Other non available own funds	R0750	
Reconciliation reserve before deduction for participations in other financial sector	R0760	11,351
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	13,220
Total EPIFP	R0790	

Annex I
S.25.01.22
Solvency Capital Requirement - for groups on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	993		
Counterparty default risk	R0020	3,547		
Life underwriting risk	R0030			
Health underwriting risk	R0040			
Non-life underwriting risk	R0050	18,448		
Diversification	R0060	-2,246		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	20,743		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	1,505
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	-1,729
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	20,518
Capital add-on already set	R0210	
Solvency capital requirement	R0220	20,518
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	
Minimum consolidated group solvency capital requirement	R0470	5,942
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	R0510	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	R0520	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non--regulated entities carrying out financial activities	R0530	
Capital requirement for non-controlled participation requirements	R0540	
Capital requirement for residual undertakings	R0550	
Overall SCR		
SCR for undertakings included via D and A	R0560	
Solvency capital requirement	R0570	20,518

Annex I
S.32.01.22
Undertakings in the scope of the group

								Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GI	213800HEGZ3KK1RYWY69	LEI	Acasta European Insurance Company Limited	2	limited company	2	Gibraltar Financial Services Commission	10000.00%	100	10000.00%		1	10000.00%	1		1
GI	213800SAP8UHYTUNVU18	LEI	Focus Holdings (Gibraltar) Limited	5	limited company	2								1		1

Quantitative Reporting Templates for Year Ended 31 December 2020

Acasta European Insurance Company Limited

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**	41,187
Property (other than for own use)	**R0080**	1,070
Holdings in related undertakings, including participations	**R0090**	
Equities	**R0100**	
Equities - listed	**R0110**	
Equities - unlisted	**R0120**	
Bonds	**R0130**	9,463
Government Bonds	**R0140**	
Corporate Bonds	**R0150**	9,463
Structured notes	**R0160**	
Collateralised securities	**R0170**	
Collective Investments Undertakings	**R0180**	873
Derivatives	**R0190**	
Deposits other than cash equivalents	**R0200**	29,781
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**	39,189
Non-life and health similar to non-life	**R0280**	39,189
Non-life excluding health	**R0290**	39,189
Health similar to non-life	**R0300**	
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	
Health similar to life	**R0320**	
Life excluding health and index-linked and unit-linked	**R0330**	
Life index-linked and unit-linked	**R0340**	
Deposits to cedants	**R0350**	
Insurance and intermediaries receivables	**R0360**	
Reinsurance receivables	**R0370**	
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**	11,444
Any other assets, not elsewhere shown	**R0420**	145
Total assets	**R0500**	91,964

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	52,853
Technical provisions – non-life (excluding health)	**R0520**	52,853
TP calculated as a whole	**R0530**	
Best Estimate	**R0540**	50,168
Risk margin	**R0550**	2,685
Technical provisions - health (similar to non-life)	**R0560**	0
TP calculated as a whole	**R0570**	
Best Estimate	**R0580**	
Risk margin	**R0590**	0
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	
Technical provisions - health (similar to life)	**R0610**	
TP calculated as a whole	**R0620**	
Best Estimate	**R0630**	
Risk margin	**R0640**	
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	
TP calculated as a whole	**R0660**	
Best Estimate	**R0670**	
Risk margin	**R0680**	
Technical provisions – index-linked and unit-linked	**R0690**	
TP calculated as a whole	**R0700**	
Best Estimate	**R0710**	
Risk margin	**R0720**	
Contingent liabilities	**R0740**	
Provisions other than technical provisions	**R0750**	
Pension benefit obligations	**R0760**	
Deposits from reinsurers	**R0770**	
Deferred tax liabilities	**R0780**	749
Derivatives	**R0790**	0
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	
Insurance & intermediaries payables	**R0820**	
Reinsurance payables	**R0830**	
Payables (trade, not insurance)	**R0840**	5,622
Subordinated liabilities	**R0850**	
Subordinated liabilities not in BOF	**R0860**	
Subordinated liabilities in BOF	**R0870**	
Any other liabilities, not elsewhere shown	**R0880**	
Total liabilities	**R0900**	59,225
Excess of assets over liabilities	**R1000**	32,740

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:				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**							4,433	369	1,686	1,875	20	31,317					39,700
Gross - Proportional reinsurance accepted	**R0120**																	
Gross - Non-proportional reinsurance accepted	**R0130**																	
Reinsurers' share	**R0140**							3,258	1	1,453	1,458	14	6,435					12,619
Net	**R0200**							1,175	369	233	417	6	24,882					27,082
Premiums earned																		
Gross - Direct Business	**R0210**							3,268	1,239	3,591	1,875	25	25,816					35,812
Gross - Proportional reinsurance accepted	**R0220**																	
Gross - Non-proportional reinsurance accepted	**R0230**																	
Reinsurers' share	**R0240**							2,395	1,132	2,941	1,458	12	12,695					20,634
Net	**R0300**							873	106	650	417	12	13,121					15,179
Claims incurred																		
Gross - Direct Business	**R0310**							2,641	6,421	-3,376	-108	13	18,198					23,789
Gross - Proportional reinsurance accepted	**R0320**																	
Gross - Non-proportional reinsurance accepted	**R0330**																	
Reinsurers' share	**R0340**							1,996	6,467	-2,978	150	5	10,122					15,762
Net	**R0400**							644	-46	-398	-258	8	8,077					8,028
Changes in other technical provisions																		
Gross - Direct Business	**R0410**																	
Gross - Proportional reinsurance accepted	**R0420**																	
Gross - Non- proportional reinsurance accepted	**R0430**																	
Reinsurers'share	**R0440**																	
Net	**R0500**																	
Expenses incurred	**R0550**							470	39	761	-113	2	3,280					4,439
Other expenses	**R1200**																	54
Total expenses	**R1300**																	4,493

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

		Line of Business for: **life insurance obligations**						**Life reinsurance obligations**		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health	Health reinsurance	Life-reinsurance	
		C0210	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0300**
Premiums written										
Gross	**R1410**									
Reinsurers' share	**R1420**									
Net	**R1500**									
Premiums earned										
Gross	**R1510**									
Reinsurers' share	**R1520**									
Net	**R1600**									
Claims incurred										
Gross	**R1610**									
Reinsurers' share	**R1620**									
Net	**R1700**									
Changes in other technical provisions										
Gross	**R1710**									
Reinsurers' share	**R1720**									
Net	**R1800**									
Expenses incurred	**R1900**									
Other expenses	**R2500**									
Total expenses	**R2600**									

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	IE	ES	FR	SK	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110		37,417	1,057	430	450	184	39,539
Gross - Proportional reinsurance accepted	R0120							
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140		12,452	-12	322	-200	2	12,564
Net	R0200		24,965	1,069	108	650	183	26,975
Premiums earned								
Gross - Direct Business	R0210		24,950	836	2,064	4,721	274	32,845
Gross - Proportional reinsurance accepted	R0220							
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240		13,183	276	1,524	3,388	160	18,531
Net	R0300		11,767	560	540	1,333	114	14,314
Claims incurred								
Gross - Direct Business	R0310		12,083	323	-464	9,932	-48	21,825
Gross - Proportional reinsurance accepted	R0320							
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340		5,660	111	-390	9,200	-44	14,538
Net	R0400		6,423	212	-75	732	-5	7,288
Changes in other technical provisions								
Gross - Direct Business	R0410							
Gross - Proportional reinsurance accepted	R0420							
Gross - Non- proportional reinsurance accepted	R0430							
Reinsurers'share	R0440							
Net	R0500							
Expenses incurred	R0550		3,661	116	629	49	20	4,475
Other expenses	R1200							
Total expenses	R1300							4,475

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

		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
		C0150	C0160	C0170	C0180	C0190	C0200	C0210
	R1400							
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premiums written								
Gross	R1410							
Reinsurers' share	R1420							
Net	R1500							
Premiums earned								
Gross	R1510							
Reinsurers' share	R1520							
Net	R1600							
Claims incurred								
Gross	R1610							
Reinsurers' share	R1620							
Net	R1700							
Changes in other technical provisions								
Gross	R1710							
Reinsurers' share	R1720							
Net	R1800							
Expenses incurred	R1900							
Other expenses	R2500							
Total expenses	R2600							

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0170**	**C0180**
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 as a whole	**R0050**																	
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
Gross	**R0060**							7,243	5,663	1,002	-6,170	-4	18,526					26,260
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**							6,918	6,582	2,262	-1,632	-9	9,790					23,912
Net Best Estimate of Premium Provisions	**R0150**							324	-919	-1,260	-4,538	5	8,736					2,349
Claims provisions																		
Gross	**R0160**							696	8,326	5,671	2,140	0	7,075					23,907
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**							313	7,886	4,820	684	0	1,575					15,277
Net Best Estimate of Claims Provisions	**R0250**							384	440	851	1,456	0	5,500					8,630
Total Best estimate - gross	**R0260**							7,939	13,989	6,673	-4,030	-3	25,601					50,168
Total Best estimate - net	**R0270**							708	-479	-409	-3,082	5	14,236					10,979
Risk margin	**R0280**	0	0	0	0	0	0	74	879	606	372	0	755	0	0	0	0	2,685
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**	0	0	0	0	0	0	8,013	14,867	7,279	-3,659	-3	26,355	0	0	0	0	52,853
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**							7,231	14,468	7,082	-949	-8	11,364					39,189
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	0	0	0	0	0	0	782	399	197	-2,710	5	14,991	0	0	0	0	13,665

Annex I
S.19.01.21
Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	Z0020	Underwriting year [UWY]

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

	Year	0	1	2	3	4	5	6	7	8	9	10 & +		In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	**R0100**												**R0100**		
2011	**R0160**	11	21	42	1	21	-8	6	-10				**R0160**		83
2012	**R0170**	3	180	101	130	-26	97	30	7				**R0170**		522
2013	**R0180**	59	188	672	445	520	133	29	1				**R0180**	1	2,046
2014	**R0190**	601	696	948	907	401	87	77					**R0190**	77	3,717
2015	**R0200**	2,118	2,540	2,107	1,036	583	302						**R0200**	302	8,686
2016	**R0210**	2,260	6,265	3,071	2,110	683							**R0210**	683	14,389
2017	**R0220**	2,772	11,535	5,743	3,405								**R0220**	3,405	23,454
2018	**R0230**	3,936	7,932	4,327									**R0230**	4,327	16,194
2019	**R0240**	7,111	13,632										**R0240**	13,632	20,742
2020	**R0250**	2,285											**R0250**	2,285	2,285
												Total	**R0260**	24,710	92,119

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year	0	1	2	3	4	5	6	7	8	9	10 & +		Year end (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360
Prior	**R0100**											9	**R0100**	6
2011	**R0160**						25	5	40	2	14		**R0160**	9
2012	**R0170**					146	122	160	265	227			**R0170**	151
2013	**R0180**				543	889	245	624	343				**R0180**	222
2014	**R0190**			-934	203	41	242	84					**R0190**	27
2015	**R0200**		2,140	394	612	205	103						**R0200**	54
2016	**R0210**	4,470	3,208	1,959	939	494							**R0210**	427
2017	**R0220**	7,065	4,679	4,258	4,388								**R0220**	4,642
2018	**R0230**	552	10,282	10,288									**R0230**	10,827
2019	**R0240**	8,402	4,647										**R0240**	4,361
2020	**R0250**	3,327											**R0250**	3,182
												Total	**R0260**	23,907

Annex I

S.23.01.01

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	**R0010**	61	61			
Share premium account related to ordinary share capital	**R0030**	12,397	12,397			
Initial 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**	8		8		
Share premium account related to preference shares	**R0110**	7,992		7,992		
Reconciliation reserve	**R0130**	12,282	12,282			
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**	32,740	24,740	8,000		
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**	32,740	24,740	8,000		
Total available own funds to meet the MCR	**R0510**	32,740	24,740	8,000		
Total eligible own funds to meet the SCR	**R0540**	32,740	24,740	6,185	1,815	
Total eligible own funds to meet the MCR	**R0550**	32,113	24,740	6,185	1,188	
SCR	**R0580**	20,518				
MCR	**R0600**	5,942				
Ratio of Eligible own funds to SCR	**R0620**	159.56%				
Ratio of Eligible own funds to MCR	**R0640**	540.46%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	32,740
Own shares (held directly and indirectly)	**R0710**	
Foreseeable dividends, distributions and charges	**R0720**	
Other basic own fund items	**R0730**	20,458
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	
Reconciliation reserve	**R0760**	12,282
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	13,220
Total Expected profits included in future premiums (EPIFP)	**R0790**	13,220

Annex I
S.25.01.21
Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	**C0090**	**C0120**
Market risk	**R0010**	993		
Counterparty default risk	**R0020**	3,547		
Life underwriting risk	**R0030**			
Health underwriting risk	**R0040**			
Non-life underwriting risk	**R0050**	18,448		
Diversification	**R0060**	-2,246		
Intangible asset risk	**R0070**			
Basic Solvency Capital Requirement	**R0100**	20,743		

Calculation of Solvency Capital Requirement		**C0100**
Operational risk	**R0130**	1,505
Loss-absorbing capacity of technical provisions	**R0140**	
Loss-absorbing capacity of deferred taxes	**R0150**	-1,729
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**	
Solvency capital requirement excluding capital add-on	**R0200**	20,518
Capital add-on already set	**R0210**	
Solvency capital requirement	**R0220**	20,518
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	**R0400**	
Total amount of Notional Solvency Capital Requirement for remaining part	**R0410**	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	**R0420**	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	**R0430**	
Diversification effects due to RFF nSCR aggregation for article 304	**R0440**	

		Yes/No
Approach to tax rate		**C0109**
Approach based on average tax rate	**R0590**	2 - No

		LAC DT
Calculation of loss absorbing capacity of deferred taxes		**C0130**
LAC DT	**R0640**	-1,729
LAC DT justified by reversion of deferred tax liabilities	**R0650**	-749
LAC DT justified by reference to probable future taxable economic profit	**R0660**	-980
LAC DT justified by carry back, current year	**R0670**	
LAC DT justified by carry back, future years	**R0680**	
Maximum LAC DT	**R0690**	-2,063

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	5,942

		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		
Other motor insurance and proportional reinsurance	R0060		
Marine, aviation and transport insurance and proportional reinsurance	R0070		
Fire and other damage to property insurance and proportional reinsurance	R0080	708	1,175
General liability insurance and proportional reinsurance	R0090		369
Credit and suretyship insurance and proportional reinsurance	R0100		233
Legal expenses insurance and proportional reinsurance	R0110		417
Assistance and proportional reinsurance	R0120	5	6
Miscellaneous financial loss insurance and proportional reinsurance	R0130	14,236	24,882
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	

		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		
Total capital at risk for all life (re)insurance obligations	R0250		

Overall MCR calculation

		C0070
Linear MCR	R0300	5,942
SCR	R0310	20,518
MCR cap	R0320	9,233
MCR floor	R0330	5,130
Combined MCR	R0340	5,942
Absolute floor of the MCR	R0350	3,338
		C0070
Minimum Capital Requirement	R0400	5,942