Acasta European Insurance Company Limited
Focus Holdings (Gibraltar) Limited

Solvency & Financial Condition Report

For year ended 31st December 2021

Contents

Executive Summary

2021 HIGHLIGHTS
• Solvency Capital Requirement coverage of 133% (2020: 160%) • £6m additional capital injected during 2021 • Gross written premium of £34.1m (2020: £39.7m) • Maintained a strong reinsurance programme with A rated reinsurers • Recruitment of a Director of Risk and Compliance and Actuarial Function Holder • “Go live” of new underwriting system

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 Solvency II public disclosure requirements. The elements of the disclosure relate to business and performance, system of governance, risk profile, valuation for solvency purposes and capital management. The Company’s main service provider is Acasta Europe Limited (‘AEL’), which is a UK based intermediary authorised and regulated by the Financial Conduct Authority. AEICL distributes business through a range of intermediaries.

In previous SFCR reports, the Company highlighted a number of strategic decisions to withdraw from certain lines of business. This included putting all EU business into run-off and to stop writing after the event (ATE) and commercial after the event (CATE) business. In addition, the Company has not written any new General Liability business since 2020.

To improve the transparency of this report, the Company is classifying Miscellaneous Finance Loss, Property, Suretyship and Assistance as continuing business (new business is being written) and Legal Expenses and General Liability as discontinued business (no new business has been written since 2020).

The Group net loss after tax for 2021 was £(5.7)m (2020: £1.7m). To mitigate the impact on the solvency position of the Group, £6.0m of additional capital was secured in 2021. The key drivers for the 2021 loss are described below.

The Group’s continuing business has maintained a strong performance during 2021, reporting a net technical income before operating expenses of £5.6m (2020: £7.4m). However, the strong performance of the continuing business was partially offset by the performance of the discontinued business, which reported a net technical expense before operating expenses of £(4.9)m (2020: £1.8m).

During 2021 the Company continued to invest in its underwriting systems and the new system was implemented during Q4 2021. Alongside the implementation of the new underwriting system, the Company has completed its review of the net receivable balances, resulting in a further adjustment of £(3.8)m (2020:£(3.1)m). During 2020 and 2021 the Company has focused on its underwriting systems, quality of internal resources, updating internal processes and procedures and engaging external expertise where necessary to mitigate future material adjustments to the net receivables balances.

Overall, the Company has demonstrated significant improvements since 2020 with respect to underwriting, systems, people and governance. These improvements are the foundations for the Company going forward.

Written premium for 2021 decreased by £5.6m to £34.1m (2020: £39.7m). £2.3m related to the withdrawal from the Legal Expenses market and the remaining £3.3m relates to withdrawal from unprofitable business and challenging UK market conditions, brought on by covid, supply chain issues and general economic uncertainty.

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 recruitment of an in house Director of risk and compliance and Actuarial Function Holder supports the Boards' commitment in this area. The governance and risk frameworks are detailed in this report.

On behalf of the Board **Date: 27 May 2022**
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

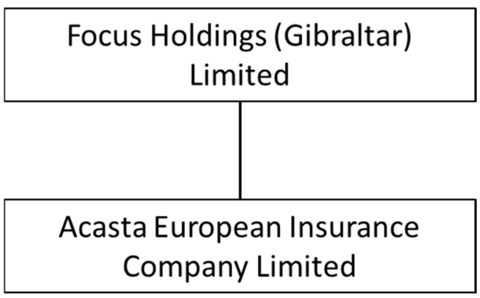
FHGL and AEICL prepare their audited financial statements in accordance with Generally Accepted Accounting Principles in Gibraltar ('GAAP').

1.4. FHGL shareholders with qualifying holdings at 31 December 2021:

Peter Done
Lea 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 2021:

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	
	2021	2020	2021	2020	2021	2020
AEICL	(5.7)	1.7	121.8	129.7	19.8	26.0

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 balance on the technical account of £(7.1)m for 2021 (2020: £1.4m).

2.2. Total gross written premiums for 2021 decreased by £5.6m to £34.1m (2020: £39.7m). £2.3m of the decrease related to the withdrawal from the Legal Expenses market and the remaining £3.3m is further explained in the sections below.

2.3. The classification by line of business and geographical area for 2021 and 2020 is shown in the table below. The negative premiums are a function of cancellations being greater than written premiums.

2021	**Property**	**General Liability**	**Suretyship**	**Miscellaneous Financial Loss**	**Legal Expenses**	**Assistance**	**Total**
Territory	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Australia	0	0	0	4	0	0	4
Austria	0	0	0	0	0	0	0
Belgium	0	0	0	0	0	0	0
Czech Republic	0	0	0	2	0	0	2
France	0	0	0	(196)	0	0	(196)
Germany	0	0	0	(11)	0	0	(11)
Hungary	0	0	0	0	0	0	0
Ireland	0	16	0	305	0	0	321
Poland	0	0	0	(714)	0	0	(714)
Slovakia	0	0	0	0	0	0	0
Spain	0	0	0	0	0	0	0
United Kingdom	3,088	18	1,678	30,476	(548)	1	34,713
Total	**3,088**	**34**	**1,678**	**29,866**	**(548)**	**1**	**34,119**

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**

2.4. Overall, Miscellaneous Financial Loss business, which includes GAP, Warranty and Excess Protection, decreased by £1.4m to £29.9m (2020: £31.3m).

2.5. GAP business increased by £0.8m to £22.7m (2020: £21.9m).

2.6. Warranty premium decreased by £2.3m to £6.0m (2020: £8.3m). Brown & White Warranty decreased by £0.8m to £1.2m (2020: £2.0m), Furniture Warranty decreased by £0.8m to £2.1m (2020: £2.9m) and Motor Warranty decreased by £0.7m to £2.7m (2020: £3.4m). The reduction in premium is largely due to poor performing schemes being cancelled.

2.7. Excess Protection premium increased by £0.1m to £1.2m (2020: £1.1m).

2.8. Suretyship business remained unchanged at £1.7m (2020: £1.7m)

2.9. Property decreased by £1.3m to £3.1m (2020: £4.4m).

2.10. The Legal Expenses business has been in run off since 2020. The existing AEL team have been retained to manage the policies to their conclusion. In the event that AEL suffers any relevant staff losses, the Company would engage with an expert legal practice to assist in the run-off of the business.

2.11. Stability in the Company's overall loss ratios for the continued business was evidenced in the year end external review of best estimates. This is evidenced in the table in 2.13. 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.

2.12. The Company experienced significant deterioration in its discontinued business. The main cause for deterioration in the Legal Expenses business was one large loss. Similarly, General Liability also experienced one large loss. The Company has updated its risk appetite and underwriting limits since the related policies were underwritten. Therefore, the Company is no longer exposed to risks of this size going forward.

2.13. The following table shows the strong performance of the continuing business compared to the discontinued business:

	Continuing Business					**Discontinued Business**			
2021	**Property**	**Suretyship**	**Miscellaneous Financial Loss**	**Assistance**	**Total**	**General Liability**	**Legal Expenses**	**Total**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Gross written premium	3,089	1,677	29,866	1	**34,633**	33	(548)	**(515)**	**34,118**
Net earned premium	1,046	198	15,617	2	**16,863**	152	196	**348**	**17,211**
Technical Account before operating expenses	**(202)**	**70**	**5,718**	**0**	**5,586**	**(1,745)**	**(3,116)**	**(4,861)**	**725**

	Continuing Business					**Discontinued Business**			
2020	**Property**	**Suretyship**	**Miscellaneous Financial Loss**	**Assistance**	**Total**	**General Liability**	**Legal Expenses**	**Total**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Gross written premium	4,433	1,686	31,317	20	**37,456**	369	1,875	**2,244**	**39,700**
Net earned premium	873	69	13,121	12	**14,075**	106	417	**523**	**14,598**
Technical Account before operating expenses	**509**	**1,074**	**5,785**	**7**	**7,375**	**442**	**1,404**	**1,846**	**9,221**

2.14. In order to manage its solvency position the Company continues to operate with the benefit of quota share reinsurance arrangements with reinsurers rated at least A- rated (AM Best), Swiss Re (A+), Ocean Re (A-) and Builders Re (A-), 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:

	2021 £	2020 £
Financial assets		
Debt securities and other fixed income securities	9,253,746	9,317,935
Collective investment undertakings	855,263	872,908
Derivative assets	-	-
	10,109,009	10,190,843
Cash and cash equivalents	45,198,749	41,224,854
Total financial assets	**55,307,758**	**51,415,697**

2021	**Net investment income £**	**Net realised gains and losses £**	**Changes in fair value £**	**Net investment result £**
Rental income	23,435			23,435
Debt securities	285,119	(64,263)	(349,496)	(128,640)
Derivatives		4,070	3,060	7,130
Other investment expenses	(79,780)			(79,780)
	228,774	**(60,193)**	**(346,436)**	**(177,855)**

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)**

3.2 The Company recorded a foreign exchange gain of £0.2m (2020: £(0.8)m).

4. Performance of Other Activities

4.1. The summary profit and loss account for the Company for 2021 and 2020 is shown below:

	2021	2020
	£'000	**£'000**
Balance on the technical account before operating expenses	**725**	**9,221**
Net operating expenses	**(3,976)**	**(4,739)**
One-off items (section 4.3)	**(3,826)**	**(3,081)**
Balance on the technical account	**(7,077)**	**1,401**
Net investment expense	**(178)**	**(518)**
Other income	**679**	**985**
Profit/(loss) before taxation	**(6,576)**	**1,868**
Taxation	**911**	**(177)**
Profit/(loss) after taxation	**(5,665)**	**1,691**

4.2. The following tables show the split of the profit and loss account by continued and discontinued business:

	2021			2020		
	Continued business	**Discontinued business**	**Total**	**Continued business**	**Discontinued business**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance on the technical account before operating expenses	5,586	(4,861)	**725**	7,375	1,846	**9,221**
Net operating expenses*	(3,976)	-	**(3,976)**	(4,739)	-	**(4,739)**
One-off items (section 4.3)	-	(3,826)	**(3,826)**	-	(3,081)	**(3,081)**
Balance on the technical account	**1,610**	**(8,687)**	**(7,077)**	**2,636**	**1,846**	**1,401**
Net investment expense*	(178)	-	**(178)**	(518)	-	**(518)**
Other income*	679	-	**679**	985	-	**985**
Profit/(loss) before taxation	**2,111**	**(8,687)**	**(6,576)**	**3,103**	**1,846**	**1,868**
Taxation			911			(177)
Profit/(loss) after taxation			**(5,665)**			**1,691**

*amounts allocated 100% to continued business

4.3. During 2020 and 2021 the Company invested in a bespoke underwriting system, which became operational in Q4 2021. Alongside the implementation of the new system the

Company reviewed its net receivables position. As a result, the Company has included an adjustment of £3.5m (2020: £3.1m) within net operating expenses.

5. Any Other Information

5.1. Covid-19: The coronavirus pandemic continues to have a global economic impact and the Company is not immune from this. The Company continues to monitor this situation closely.

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 two FHGL directors on the AEICL Board. FHGL has no Committees or employees.

Dividends on redeemable preference shares were paid to the shareholders during the period totalling £1.0m.

The FHGL Board of Directors comprised of two executive directors and four non-executive directors until quarter four of 2021 when it became three executive directors. Directors are either not remunerated or remunerated through service or employment agreements held by AEICL.

AEICL

Board and Committee Structure

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

At 31st December 2021 the Directors of AEICL were:

- Michael Gallagher - Chief Executive Officer (from 16th September 2021)
- Ruth Mathews - Executive Director
- Andrew Shaw – Executive Director
- Michael Truran – Independent Non-Executive Director
- Michael Christophers – Chairman and Independent Non-Executive Director

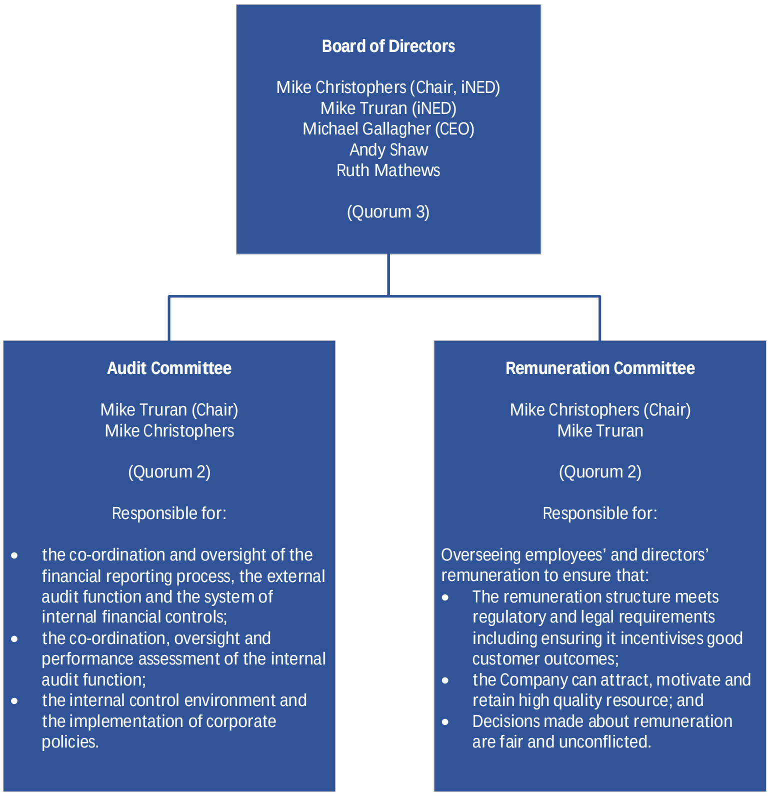
Keith Wardell resigned on 29th October 2021.

On 16th March 2022 Michael Christophers resigned and James Andlaw was appointed as an Independent Non-Executive Director.

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

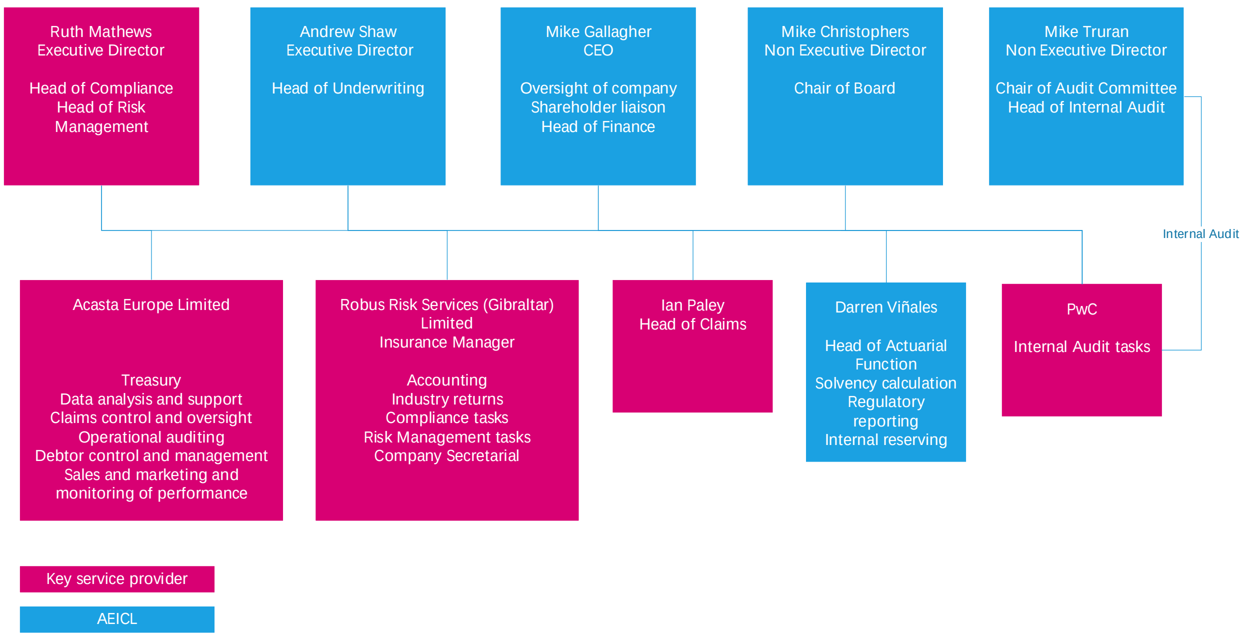
Terms of reference describe the purpose, responsibilities, membership and authority delegated from the Board to the Committees, and held by the Board. Relevant attendees are invited to the Committees as determined by the Committees.

Board and committee structure at 31 December 2021



On 16th March 2022 Michael Christophers resigned, Michael Truran became Chair of the Board and James Andlaw was appointed to the Board and replaced Michael Christophers on the Audit and Remuneration Committees.

Roles and Responsibilities at 31 December 2021



In March 2022 Ruth Mathews became an employee of the Company and the compliance, risk management and company secretarial tasks were taken in-house from the insurance manager. As stated above, on 16th March 2022 Michael Truran became Chair of the Board and James Andlaw was appointed to the Board replacing Michael Christophers.

Material Intra-Group Transactions
There have been no 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 policies and procedures, which details 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 the 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.

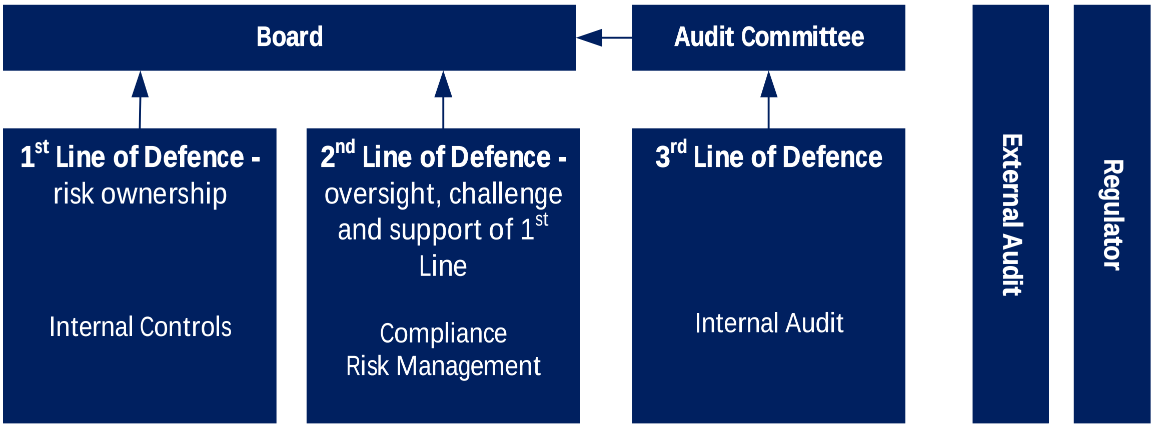
The compliance function is responsible for ensuring that appropriate notification documents are prepared for all individuals carrying out regulated functions and submitted for regulatory approval.

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.

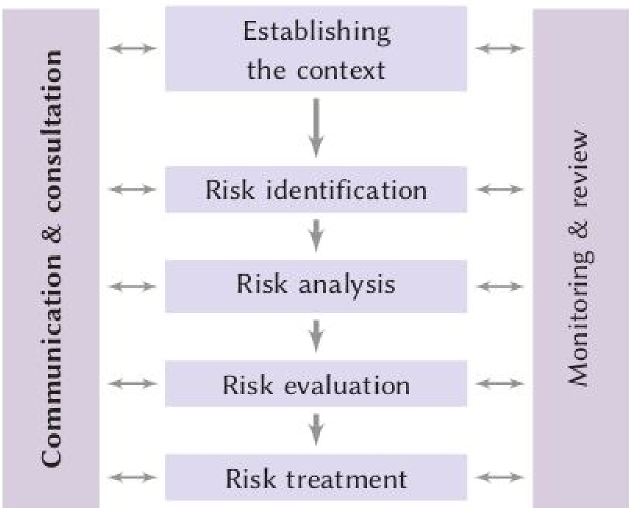
The Framework:
- sets the architecture for the Company's risk management activities including strategy, risk appetite, governance and reporting structure within the business;
- outlines the Company's Risk Management Policy; and
- describes the procedures the Company uses to identify, measure, manage, 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 Head of Risk Management ('HoRM') 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 HoRM 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 HoRM is responsible for this outsourcing and for managing and challenging RRS. RRS reports directly into the HoRM. Risk management tasks were taken in-house from March 2022.

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 focuses 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 coordinating 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 Head of Compliance ('HoC') is responsible for the completion of compliance tasks 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 HoC 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 resources 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 Head of Internal Audit ('HoIA') 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 HoIA 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 HoIA 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 Company employs an actuary who is appointed as Head of Actuarial Function. 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 a specialist resource, provision of services in the same jurisdiction as the customer and 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. Company secretarial services were taken in-house in March 2022.

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 in the Reporting Period:

Service Provider	Service Provided	Jurisdiction Located
Acasta Europe Limited (AEL)	Treasury 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, company secretarial) (accounting only from March 2022)	Gibraltar
CTC Limited	Provides, hosts and develops the policy administration system	United Kingdom
Pecometer	Hosts and develops the underwriting 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. This includes 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 an 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. The core lines are GAP, Warranty (motor, brown and white goods and furniture warranty) and Surety.

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. The Company uses external legal advice for any 'Brexit' related matters to ensure the Company is managing the run-off appropriately.

After the Event Legal Expenses (ATE) and Commercial ATE business was put into run-off during 2020.

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 uses quota share reinsurance with Swiss Re (A+ rated) to mitigate its underwriting risk and reduce its solvency requirement. This consisted of quota share reinsurance since 1 January 2020 which was renewed for 2021 and 2022 across all material lines of business.

The Surety business was subject to an 80% quota share reinsurance from A rated Builders Re in 2021. This arrangement was renewed for 2022.

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

Underwriting risk is monitored by the Board and by the head of risk management 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 investment guidelines.

AEICL pursues a conservative investment strategy, focused 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. Continuing economic uncertainty in the UK and Europe along with the recent increases in base rates and forecast inflation is expected to lead to an increase in the yield curve in the coming year.

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 (section 4) 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, the Company 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 at least A- and the Board considers the exposure to be acceptable. The ratings of both companies are monitored as described above.

The Company only uses reinsurance brokers with appropriate experience. All reinsurance contracts are subject to review by the reinsurance brokers. In addition, the performance of all reinsurance contracts is reviewed regularly, which includes using external legal advice where necessary.

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 CEO/Head of Finance 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 HoF 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 £3,529k.

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.

- Cyber risk: the risk of financial loss, disruption or damage to the reputation of an organisation from some sort of failure of its information technology systems. This risk is controlled by having appropriate physical and system controls to secure AEICL's information, and by ensuring that key service providers have the same.

Operational risk within AEICL is identified, assessed and monitored through the risk management processes which are overseen by the Head of Risk Management.

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.

Covid-19

It is clear that the coronavirus pandemic is continuing to have a 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
Deferred tax assets	721	721	0	No change
Deferred acquisition costs	0	173	(173)	These are revalued to nil on the S2 valuation basis.
Tangible and intangible assets	0	286	(286)	These are revalued to nil on the S2 valuation basis.
Cash and investments	56,431	56,351	80	This is a reclassification of accrued interest from any other assets to bonds.
Insurance and reinsurance receivables	0	16,109	(16,109)	Insurance and reinsurance receivables are reclassified to technical provisions.
Any other assets	203	463	(260)	In addition to the reclassification of accrued income from cash and investments, the Company revalues prepayments to nil on the S2 valuation basis.
Total	**57,355**	**74,104**	**(16,575)**	

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
Deferred tax assets	721	721	0	No change
Deferred acquisition costs	0	173	(173)	These are revalued to nil on the S2 valuation basis.
Tangible and intangible assets	0	286	(286)	These are revalued to nil on the S2 valuation basis.
Cash and investments	56,430	56,351	80	This is a reclassification of accrued interest from any other assets to bonds.
Insurance and reinsurance receivables	0	16,109	(16,109)	Insurance and reinsurance receivables are reclassified to technical provisions.

Any other assets	266	526	(260)	In addition to the reclassification of accrued income from cash and investments, the Company revalues prepayments to nil on the S2 valuation basis.
Total	**57,417**	**74,166**	**(16,575)**	

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	10,241	112	10,354
General liability insurance	16,184	457	16,640
Credit and suretyship insurance	8,546	242	8,788
Legal expenses insurance	(3,541)	474	(3,067)
Assistance	(9)	0	(9)
Miscellaneous financial loss insurance	32,897	1,338	34,235
Total	**64,318**	**2,623**	**66,941**

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	**41,736**
Remove UPR	(35,796)
Provision for claims relating to UPR	27,758
Recognise BBNI premiums	(1,584)
Provision for claims relating to BBNI	635
ENID	412
Expense provision	2,276
Expected cost of reinsurer default	29
Discounting	(600)
Restatement of intermediary receivables	(12,600)
Risk margin	2,601
Solvency II technical provisions	**24,866**

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	687	0	687
Reinsurance payables	0	963	(963)
Payables (trade, not insurance)	6,963	7,263	(301)

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 2021 (£'000)	Eligible capital for the MCR 2021 (£'000)	Eligible capital for the SCR 2020 (£'000)	Eligible capital for the MCR 2020 (£'000)
Ordinary share capital (gross of own shares) and associated share premium	1	13,248	13,248	13,248	13,248
Preference share capital and associated share premium	1	4,201	4,201	6,150	6,150
Preference share capital and associated share premium	2	3,799	1,316	1,850	1,188
Reconciliation reserve	1	3,558	3,558	11,351	11,351
Deferred tax asset	3	35	0	0	0
Unpaid and uncalled ordinary share capital callable on demand	2	6,000			
		30,840	**22,323**	**32,599**	**31,937**

The Company's own funds are as follows.

Own fund item	Tier	Eligible capital for the SCR 2021 (£'000)	Eligible capital for the MCR 2021 (£'000	Eligible capital for the SCR 2020 (£'000)	Eligible capital for the MCR 2020 (£'000)
Ordinary share capital (gross of own shares) and associated share premium	1	12,458	12,458	12,458	12,458
Preference share capital and associated share premium	1	4,220	4,220	6,185	6,185
Preference share capital and associated share premium	2	3,780	1,316	1,815	1,188

Reconciliation reserve	1	4,422	4,422	12,282	12,282
Deferred tax asset	3	35	0	0	0
Unpaid and uncalled ordinary share capital callable on demand	2	6,000			
		30,915	**22,416**	**32,740**	**32,113**

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

2. Solvency Capital Requirements and Minimum Capital Requirements

2.1. The SCR of the Group and Company as at 31 December 2021 was £23.2m (2020: £20.5m).

2.2. The MCR of the Group and Company as at 31 December 2021 was £6.6m

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 are also considered in the exposure from underwriting risks.

	2021		2020	
MARKET RISK	**Company (£'000)**	**Group (£'000)**	**Company (£'000)**	**Group (£'000)**
Interest rate risk	203	203	5	5
Spread risk	547	547	598	598
Equity risk	0	0	0	0
Currency risk	860	860	445	445
Property risk	250	250	268	268
Concentration risk	0	0	0	0
Market risk diversification	(492)	(492)	(323)	(323)
MARKET RISK TOTAL	**1,368**	**1,368**	**993**	**993**

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).

	2021		2020	
COUNTERPARTY RISK	**Company (£'000)**	**Group (£'000)**	**Company (£'000)**	**Group (£'000)**
Type 1 risk	2,794	2,794	2,662	2,662
Type 2 risk	1,514	1,514	1,082	1,082
Market risk diversification	(253)	(253)	(198)	(198)
COUNTERPARTY RISK TOTAL	**4,055**	**4,055**	**3,547**	**3,547**

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.

	2021		2020	
NON-LIFE UNDERWRITING RISK	**Company (£'000)**	**Group (£'000)**	**Company (£'000)**	**Group (£'000)**
Premium and reserve risk	16,586	16,586	16,588	16,588
Lapse risk	1,405	1,405	2,360	2,360
Catastrophe Risk	5,930	5,930	4,617	4,617
Non-life diversification	(4,910)	(4,910)	(5,117)	(5,117)
NON-LIFE UNDERWRITING RISK TOTAL	**19,011**	**19,011**	**18,448**	**18,448**

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.

	2021		2020	
SOLVENCY CAPITAL REQUIREMENT	**Company (£'000)**	**Group (£'000)**	**Company (£'000)**	**Group (£'000)**
Market risks	1,368	1,368	993	993
Counterparty risks	4,055	4,055	3,547	3,547
Non-life underwriting risks	19,011	19,011	18,448	18,448
Basic SCR diversification	(2,695)	(2,695)	(2,246)	(2,246)
Operational risks	1,929	1,929	1,505	1,505
Loss absorbing capacity of deferred tax	(434)	(434)	(1,729)	(1,729)
SOLVENCY CAPITAL REQUIREMENT	**23,235**	**23,235**	**20,518**	**20,518**

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	0	1,591,471
General Liability	2,990,346	33,454
Suretyship	549,880	334,374
Legal expenses	0	0
Assistance	23,327	579
Miscellaneous Financial Loss	22,490,014	14,959,511

2.6 This is the sixth 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 2021

Focus Holdings (Gibraltar) Limited

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	721
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**	44,022
Property (other than for own use)	**R0080**	1,000
Holdings in related undertakings, including participations	**R0090**	
Equities	**R0100**	
Equities - listed	**R0110**	
Equities - unlisted	**R0120**	
Bonds	**R0130**	9,372
Government Bonds	**R0140**	
Corporate Bonds	**R0150**	9,372
Structured notes	**R0160**	
Collateralised securities	**R0170**	
Collective Investments Undertakings	**R0180**	855
Derivatives	**R0190**	
Deposits other than cash equivalents	**R0200**	32,795
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**	42,075
Non-life and health similar to non-life	**R0280**	42,075
Non-life excluding health	**R0290**	42,075
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**	12,409
Any other assets, not elsewhere shown	**R0420**	203
Total assets	**R0500**	99,430

Annex I
S.02.01.02
Balance sheet

Liabilities		**Solvency II value**
		C0010
Technical provisions – non-life	**R0510**	66,941
Technical provisions – non-life (excluding health)	**R0520**	66,941
TP calculated as a whole	**R0530**	
Best Estimate	**R0540**	64,318
Risk margin	**R0550**	2,623
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**	687
Derivatives	**R0790**	
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	
Insurance & intermediaries payables	**R0820**	
Reinsurance payables	**R0830**	
Payables (trade, not insurance)	**R0840**	6,963
Subordinated liabilities	**R0850**	
Subordinated liabilities not in BOF	**R0860**	
Subordinated liabilities in BOF	**R0870**	
Any other liabilities, not elsewhere shown	**R0880**	
Total liabilities	**R0900**	74,590
Excess of assets over liabilities	**R1000**	24,840

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**						
		Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Total
		C0070	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0200**
Premiums written								
Gross - Direct Business	**R0110**	3,111	33	1,670	-548	1	29,463	33,730
Gross - Proportional reinsurance accepted	**R0120**							
Gross - Non-proportional reinsurance accepted	**R0130**							
Reinsurers' share	**R0140**	1,519	1	1,335	-743	0	14,598	16,710
Net	**R0200**	1,592	32	335	195	1	14,865	17,020
Premiums earned								
Gross - Direct Business	**R0210**	3,937	1,156	1,506	-548	9	26,392	32,452
Gross - Proportional reinsurance accepted	**R0220**							
Gross - Non-proportional reinsurance accepted	**R0230**							
Reinsurers' share	**R0240**	2,889	1,004	1,310	-743	7	10,857	15,324
Net	**R0300**	1,048	152	196	195	2	15,535	17,128
Claims incurred								
Gross - Direct Business	**R0310**	4,270	1,124	2,241	4,359	7	18,179	30,180
Gross - Proportional reinsurance accepted	**R0320**							
Gross - Non-proportional reinsurance accepted	**R0330**							
Reinsurers' share	**R0340**	3,270	646	1,996	3,161	4	8,279	17,356
Net	**R0400**	1,000	478	245	1,198	3	9,900	12,824
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**	377	4	202	-686	0	4,399	4,296
Other expenses	**R1200**							284
Total expenses	**R1300**							4,580

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

		Life reinsurance obligations		Total
		Health reinsurance	Life reinsurance	
		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	AU	CZ	AT	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110		34,299	321	4	2	0	34,626
Gross - Proportional reinsurance accepted	R0120							
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140		17,251	-1		0	1	17,251
Net	R0200		17,048	322	4	2	-1	17,375
Premiums earned								
Gross - Direct Business	R0210		26,480	1,270	16	518	95	28,379
Gross - Proportional reinsurance accepted	R0220							
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240		11,141	366	10	366	59	11,942
Net	R0300		15,339	904	6	152	36	16,438
Claims incurred								
Gross - Direct Business	R0310		27,331	1,283	13	172	160	28,959
Gross - Proportional reinsurance accepted	R0320							
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340		15,372	279	8	118	115	15,892
Net	R0400		11,959	1,004	5	54	45	13,067
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		-542	2	0	0	0	-540
Other expenses	R1200							
Total expenses	R1300							-540

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	3,558	3,558			
Subordinated liabilities	R0140					
Non-available subordinated liabilities at group level	R0150					
An amount equal to the value of net deferred tax assets	R0160	35				35
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	24,840	16,806	8,000		35
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	6,000			6,000	
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					

Annex I

S.23.01.22

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
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	6,000			6,000	
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	30,840	16,806	8,000	6,000	35
Total available own funds to meet the minimum consolidated group SCR	R0530	30,806	16,806	8,000	6,000	
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	30,840	16,806	4,201	9,799	35
Total eligible own funds to meet the minimum consolidated group SCR	R0570	22,323	16,806	4,201	1,316	
Minimum consolidated Group SCR	R0610	6,579				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	R0650	339.28%				
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	30,840	16,806	4,201	9,799	35
Group SCR	R0680	23,235				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	R0690	132.73%				

		C0060				
Reconciliation reserve						
Excess of assets over liabilities	R0700	24,840				
Own shares (included as assets on the balance sheet)	R0710					
Forseeable dividends, distributions and charges	R0720					
Other basic own fund items	R0730	21,282				
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	3,558				
Expected profits						
Expected profits included in future premiums (EPIFP) - Life business	R0770					
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	3,529				
Total EPIFP	R0790	3,529				

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	1,368		
Counterparty default risk	R0020	4,055		
Life underwriting risk	R0030			
Health underwriting risk	R0040			
Non-life underwriting risk	R0050	19,011		
Diversification	R0060	-2,695		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	21,739		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	1,930
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	-434
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	23,235
Capital add-on already set	R0210	
Solvency capital requirement	R0220	23,235
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	6,579
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	23,235

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
GB	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
GB	213800SAP8UHYTUNVU18	LEI	Focus Holdings (Gibraltar) Limited	5	limited company	2								1		1

Quantitative Reporting Templates for Year Ended 31 December 2021

Acasta European Insurance Company Limited

Annex I
S.02.01.02
Balance sheet

Assets		**Solvency II value**
		C0010
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	721
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**	44,022
Property (other than for own use)	**R0080**	1,000
Holdings in related undertakings, including participations	**R0090**	
Equities	**R0100**	
Equities - listed	**R0110**	
Equities - unlisted	**R0120**	
Bonds	**R0130**	9,372
Government Bonds	**R0140**	
Corporate Bonds	**R0150**	9,372
Structured notes	**R0160**	
Collateralised securities	**R0170**	
Collective Investments Undertakings	**R0180**	855
Derivatives	**R0190**	
Deposits other than cash equivalents	**R0200**	32,795
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**	42,075
Non-life and health similar to non-life	**R0280**	42,075
Non-life excluding health	**R0290**	42,075
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**	12,408
Any other assets, not elsewhere shown	**R0420**	266
Total assets	**R0500**	99,492

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	66,941
Technical provisions – non-life (excluding health)	**R0520**	66,941
TP calculated as a whole	**R0530**	
Best Estimate	**R0540**	64,318
Risk margin	**R0550**	2,623
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**	687
Derivatives	**R0790**	
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	
Insurance & intermediaries payables	**R0820**	
Reinsurance payables	**R0830**	
Payables (trade, not insurance)	**R0840**	6,950
Subordinated liabilities	**R0850**	
Subordinated liabilities not in BOF	**R0860**	
Subordinated liabilities in BOF	**R0870**	
Any other liabilities, not elsewhere shown	**R0880**	
Total liabilities	**R0900**	74,577
Excess of assets over liabilities	**R1000**	24,915

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**						
		Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Total
		C0070	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0200**
Premiums written								
Gross - Direct Business	**R0110**	3,111	33	1,670	-548	1	29,463	33,730
Gross - Proportional reinsurance accepted	**R0120**							
Gross - Non-proportional reinsurance accepted	**R0130**							
Reinsurers' share	**R0140**	1,519	1	1,335	-743	0	14,598	16,710
Net	**R0200**	1,592	32	335	195	1	14,865	17,020
Premiums earned								
Gross - Direct Business	**R0210**	3,937	1,156	1,506	-548	9	26,392	32,452
Gross - Proportional reinsurance accepted	**R0220**							
Gross - Non-proportional reinsurance accepted	**R0230**							
Reinsurers' share	**R0240**	2,889	1,004	1,310	-743	7	10,857	15,324
Net	**R0300**	1,048	152	196	195	2	15,535	17,128
Claims incurred								
Gross - Direct Business	**R0310**	4,270	1,124	2,241	4,359	7	18,179	30,180
Gross - Proportional reinsurance accepted	**R0320**							
Gross - Non-proportional reinsurance accepted	**R0330**							
Reinsurers' share	**R0340**	3,270	646	1,996	3,161	4	8,279	17,356
Net	**R0400**	1,000	478	245	1,198	3	9,900	12,824
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**	377	4	202	-686	0	4,399	4,296
Other expenses	**R1200**							284
Total expenses	**R1300**							4,580

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

		Life reinsurance obligations		Total
		Health reinsurance	Life-reinsurance	
		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	AU	CZ	AT	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110		34,299	321	4	2	0	34,626
Gross - Proportional reinsurance accepted	R0120							
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140		17,251	-1		0	1	17,251
Net	R0200		17,048	322	4	2	-1	17,375
Premiums earned								
Gross - Direct Business	R0210		26,480	1,270	16	518	95	28,379
Gross - Proportional reinsurance accepted	R0220							
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240		11,141	366	10	366	59	11,942
Net	R0300		15,339	904	6	152	36	16,438
Claims incurred								
Gross - Direct Business	R0310		27,331	1,283	13	172	160	28,959
Gross - Proportional reinsurance accepted	R0320							
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340		15,372	279	8	118	115	15,892
Net	R0400		11,959	1,004	5	54	45	13,067
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		-542	2	0	0	0	-540
Other expenses	R1200							
Total expenses	R1300							-540

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						Total Non-Life obligation
		Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	
		C0080	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**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**	9,860	6,557	833	-6,190	-11	25,313	36,362
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	11,478	5,502	1,307	-1,513	-34	8,493	25,233
Net Best Estimate of Premium Provisions	**R0150**	-1,618	1,055	-474	-4,677	22	16,820	11,130
Claims provisions								
Gross	**R0160**	381	9,626	7,713	2,649	2	7,584	27,956
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	-95	7,691	6,689	641	1	1,915	16,842
Net Best Estimate of Claims Provisions	**R0250**	476	1,935	1,024	2,008	1	5,670	11,113
Total Best estimate - gross	**R0260**	10,241	16,184	8,546	-3,541	-9	32,897	64,318
Total Best estimate - net	**R0270**	-1,142	2,990	550	-2,669	23	22,490	22,243
Risk margin	**R0280**	112	457	242	474	0	1,338	2,623
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**	10,354	16,640	8,788	-3,067	-9	34,235	66,941
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	11,383	13,193	7,996	-872	-33	10,407	42,075
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	-1,029	3,447	792	-2,195	24	23,828	24,866

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		1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											3
2012	R0160	3	179	101	130	-26	97	30	7		-41	
2013	R0170	57	187	672	445	518	133	29	1	-1		
2014	R0180	599	696	948	890	400	88	77	22			
2015	R0190	2,103	2,539	2,053	1,024	583	300	118				
2016	R0200	2,256	6,111	3,020	2,091	679	565					
2017	R0210	2,734	11,355	5,649	3,374	3,898						
2018	R0220	3,876	7,770	4,292	2,945							
2019	R0230	7,030	13,506	8,602								
2020	R0240	2,283	9,206									
2021	R0250	2,339										

Development year

		In Current year	Sum of years (cumulative)
		C0170	C0180
	R0100	3	3
	R0160	-41	480
	R0170	-1	2,041
	R0180	22	3,719
	R0190	118	8,720
	R0200	565	14,721
	R0210	3,898	27,009
	R0220	2,945	18,883
	R0230	8,602	29,137
	R0240	9,206	11,489
	R0250	2,339	2,339
Total	R0260	27,657	118,542

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year		1	2	3	4	5	6	7	8	9	10 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											7
2012	R0160					146	122	160	265	227	55	
2013	R0170				543	889	245	624	343	98		
2014	R0180			-963	206	40	240	82	-12			
2015	R0190		2,109	386	609	204	98	17				
2016	R0200	4,458	3,092	1,904	919	457	464					
2017	R0210	6,711	4,498	4,148	4,145	3,054						
2018	R0220	415	10,107	9,907	10,998							
2019	R0230	8,247	4,597	5,027								
2020	R0240	3,323	4,668									
2021	R0250	2,070										

Development year

		Year end (discounted data)
		C0360
	R0100	6
	R0160	45
	R0170	83
	R0180	-5
	R0190	33
	R0200	574
	R0210	3,556
	R0220	12,166
	R0230	4,858
	R0240	4,532
	R0250	2,107
Total	R0260	27,956

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			
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090	8		8		
Share premium account related to preference shares	R0110	7,992		7,992		
Reconciliation reserve	R0130	4,422	4,422			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160	35				35
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	24,915	16,880	8,000		35
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	6,000			6,000	
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	6,000			6,000	
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	30,915	16,880	8,000	6,000	35
Total available own funds to meet the MCR	R0510	24,880	16,880	8,000		
Total eligible own funds to meet the SCR	R0540	30,915	16,880	4,220	9,780	35
Total eligible own funds to meet the MCR	R0550	22,416	16,880	4,220	1,316	
SCR	R0580	23,235				
MCR	R0600	6,579				

Annex I

S.23.01.01

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Ratio of Eligible own funds to SCR	**R0620**	133.05%				
Ratio of Eligible own funds to MCR	**R0640**	340.69%				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	**R0700**	24,915	
Own shares (held directly and indirectly)	**R0710**		
Foreseeable dividends, distributions and charges	**R0720**		
Other basic own fund items	**R0730**	20,492	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**		
Reconciliation reserve	**R0760**	4,422	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life business	**R0770**		
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	3,529	
Total Expected profits included in future premiums (EPIFP)	**R0790**	3,529	

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**	1,368		
Counterparty default risk	**R0020**	4,055		
Life underwriting risk	**R0030**			
Health underwriting risk	**R0040**			
Non-life underwriting risk	**R0050**	19,011		
Diversification	**R0060**	-2,695		
Intangible asset risk	**R0070**			
Basic Solvency Capital Requirement	**R0100**	21,739		

Calculation of Solvency Capital Requirement		**C0100**
Operational risk	**R0130**	1,930
Loss-absorbing capacity of technical provisions	**R0140**	0
Loss-absorbing capacity of deferred taxes	**R0150**	-434
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**	
Solvency capital requirement excluding capital add-on	**R0200**	23,235
Capital add-on already set	**R0210**	
Solvency capital requirement	**R0220**	23,235
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**	-434
LAC DT justified by reversion of deferred tax liabilities	**R0650**	
LAC DT justified by reference to probable future taxable economic profit	**R0660**	-434
LAC DT justified by carry back, current year	**R0670**	
LAC DT justified by carry back, future years	**R0680**	
Maximum LAC DT	**R0690**	-2,180

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**	6,579

		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**		1,591
General liability insurance and proportional reinsurance	**R0090**	2,990	33
Credit and suretyship insurance and proportional reinsurance	**R0100**	550	334
Legal expenses insurance and proportional reinsurance	**R0110**		
Assistance and proportional reinsurance	**R0120**	23	1
Miscellaneous financial loss insurance and proportional reinsurance	**R0130**	22,490	14,960
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**	6,579
SCR	**R0310**	23,235
MCR cap	**R0320**	10,456
MCR floor	**R0330**	5,809
Combined MCR	**R0340**	6,579
Absolute floor of the MCR	**R0350**	3,126
		C0070
Minimum Capital Requirement	**R0400**	6,579