



**Acasta European Insurance Company
Limited
Focus Holdings (Gibraltar) Limited**

**Solvency and Financial Condition
Report**

For year ended 31 December 2022

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Executive Summary

2022 HIGHLIGHTS

- Group Solvency Capital Requirement coverage of 155% (2021: 133%)
- AEICL Solvency Capital Requirement coverage of 154% (2021: 133%)
- £5m additional ordinary capital injected during 2022
- AEICL gross written premium of £31.8m (2021: £34.1m)
- AEICL profit after tax of £2.4m (2021: £(6.1)m)
- Maintained a strong reinsurance programme with A rated reinsurers
- Recruitment of a Director of Risk and Compliance

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. During 2022 the Company decided to withdraw from UK Surety business.

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

The Group net profit after tax for 2022 was £2.4m (2021: loss of £6.1m). To strengthen the solvency position of the Group, £5.0m of additional ordinary share capital was introduced during 2022.

The Group's continuing business has maintained a strong performance during 2022, reporting a net technical income before operating expenses of £7.6m (2021: £5.6m). The 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 £0.5m (2021: £4.9m).

During 2022 the Company continued to invest in its infrastructure, with enhancements to the bespoke underwriting system, improvements in its internal resources and further updates to internal processes and procedures.

Overall, the Company has demonstrated significant improvements in recent years with respect to underwriting and pricing, systems, people and governance. These improvements are the foundations for the Company in future.

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 in which the Group seeks to achieve its objectives. The

recruitment of an-in house Director of Risk and Compliance supports the Boards' commitment in this area. The governance and risk frameworks are detailed in this report.

On behalf of the Boards

Focus Holdings (Gibraltar) Limited

Acasta European Insurance Company Limited

Date: 19 May 2023

A. Business and 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>

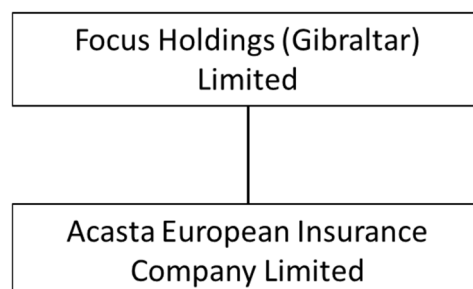
FHGL and AEICL prepare their audited financial statements in accordance with Generally Accepted Accounting Principles in Gibraltar ('GAAP').

1.4. FHGL shareholders with qualifying holdings at 31 December 2022:

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 2022:

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	
	2022	2021	2022	2021	2022	2021
AEICL	2.4	(6.1)	134.1	124.3	27.3	19.9

- 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 £2.4m for 2022 (2021: £(7.4)m).
- 2.2. Total gross written premiums for 2022 decreased by £2.3m to £31.8m (2021: £34.1m). The movements are shown in the tables below.
- 2.3. The classification by line of business and geographical area for 2022 and 2021 is shown in the tables below. The negative premiums are a function of cancellations being greater than written premiums.

2022	Property	General Liability	Suretyship	Miscellaneous Financial Loss	Legal Expenses	Assistance	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Territory							
Australia							
Austria							
Belgium							
Czech Republic	0	0	0	0	0	0	0
France	0	0	0	59	0	0	59
Germany							
Hungary							
Ireland	(1)	0	0	166	0	0	165
Poland	0	0	0	0	0	0	0
Slovakia							
Spain							
United Kingdom	2,961	186	1,254	27,024	144	1	31,570
Total	2,960	186	1,254	27,248	144	1	31,793

2021	Property	General Liability	Suretyship	Miscellaneous Financial Loss	Legal Expenses	Assistance	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Territory							
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

- 2.4. Overall, Miscellaneous Financial Loss business, which includes GAP, Warranty and Excess Protection, decreased by £2.7m to £27.2m (2021: £29.9m).
- 2.5. GAP business decreased by £3.1m to £19.4m (2021: £22.5m).
- 2.6. Warranty premium increased by £0.6m to £6.6m (2021: £6.0m). Brown and White Warranty decreased by £0.5m to £0.7m (2021: £1.2m), Furniture Warranty increased by £0.4m to £2.5m (2021: £2.1m) and Motor Warranty increased by £0.7m to £3.4m (2021: £2.7m).
- 2.7. Excess Protection premium decreased by £0.9m to £0.3m (2021: £1.2m).
- 2.8. Property decreased by £0.1m to £3.0m (2021: £3.1m).
- 2.9. The Legal Expenses business has been in run-off since 2020. The experienced AEL team have been retained to manage the policies to their conclusion.
- 2.10. 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 shown in the table in 2.12. 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.

2.11. The Company experienced further deterioration in its discontinued business. Adverse development of General Liability and Suretyship was partially offset by favourable development for the Legal Expenses business.

2.12. The table below shows the performance of the continuing and the discontinued business for 2022 and 2021:

2022	Continuing Business				Discontinued Business				Total
	Property	Miscellaneous Loss	Assistance	Total	Suretyship	General Liability	Legal Expenses	Total	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross written premium	2,962	27,433	-	30,395	1,254	-	144	1,398	31,793
Net earned premium	1,250	17,842	-	19,092	305	100	(271)	134	19,226
Technical Account before operating expenses	(127)	7,695	-	7,568	(473)	(982)	998	(457)	7,111

2021	Continuing Business					Discontinued Business			Total
	Property	Suretyship	Miscellaneous Loss	Assistance	Total	General Liability	Legal Expenses	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	(1)	5,585	(1,745)	(3,116)	(4,861)	724

2.13. In order to manage its solvency position the Company continues to operate with the benefit of quota share reinsurance arrangements, using reinsurers rated at least A-, including Swiss Re, Ocean Re and Builders Re. 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 engages Barclays as an external investment manager. They manage the investments in accordance with the Company's investment risk appetite. A summary of the type of investments and performance is shown below:

	2022 £	2021 £
Financial assets		
<i>Measured at fair value through profit or loss</i>		
- Debt securities and other fixed income securities	17,575,865	9,253,746
- Collective investment undertakings	-	855,263
	<u>17,575,865</u>	<u>10,109,009</u>
<i>Measured at cost</i>		
- Cash and cash equivalents	46,030,327	45,198,749
	<u>46,030,327</u>	<u>45,198,749</u>
Total financial assets	<u>63,606,192</u>	<u>55,307,758</u>

Net investment return

	Net investment income £	Net realised gains and losses £	Changes in fair value £	Impairment £	Net investment result £
2022					
Rental income	31,012	-	-	-	31,012
Debt securities	637,388	2,240	(947,223)	-	(307,595)
Derivatives	-	5,355	(22,645)	-	(17,290)
Other investment expenses	(57,185)	-	-	-	(57,185)
	<u>611,215</u>	<u>7,595</u>	<u>(969,868)</u>	<u>-</u>	<u>(351,058)</u>

	Net investment income £	Net realised gains and losses £	Changes in fair value £	Impairment £	Net investment result £
2021					
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)
	<u>228,774</u>	<u>(60,193)</u>	<u>(346,436)</u>	<u>-</u>	<u>(177,855)</u>

3.2 The Company recorded a foreign exchange gain of £0.1m (2022: £(0.2)m).

4. Performance of Other Activities

4.1. The summary profit and loss account for the Company for 2022 and 2021 is shown below:

Profit and loss account	2022 £	2021 £
Technical income	7,045,392	935,246
Net operating expenses	(4,646,418)	(8,288,595)
Balance on the technical account	<u>2,398,974</u>	<u>(7,353,349)</u>
Net investment expense	(351,058)	(177,855)

Other income	676,335	1,044,087
Profit/(loss) before tax	2,724,251	(6,487,117)
Taxation	(370,163)	399,876
Profit/(loss) for the financial year	2,354,088	(6,087,241)

- 4.2. During 2020 and 2021 the Company invested in a bespoke underwriting system which became operational in Q4 2021. Further enhancements and capabilities were introduced during 2022.

5. Any Other Information

- 5.1. The World Health Organization ('WHO') first declared Covid-19 to be a public health emergency of international concern (PHEIC) in January 2020. During May 2023, WHO declared that Covid-19 no longer represents a 'global health emergency'. The Company remains vigilant as to the continued impact that Covid-19 may still be having on the Company, in particular issues around claims frequency associated with our motor-related business as well as cultural changes such hybrid working.
- 5.2. The Company recognises the risk of inflation affecting its claims costs and monitors this carefully. The external actuary also provides an opinion on the potential effect of inflation as part of the biannual reserve review and, where appropriate, estimated ultimate loss ratios take inflation into account.

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

No dividends were paid to the shareholders during the period.

The FHGL Board of Directors comprises two executive directors and one non-executive director. Directors are either not remunerated or remunerated through service agreements held by AEICL.

AEICL

Board and Committee Structure

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

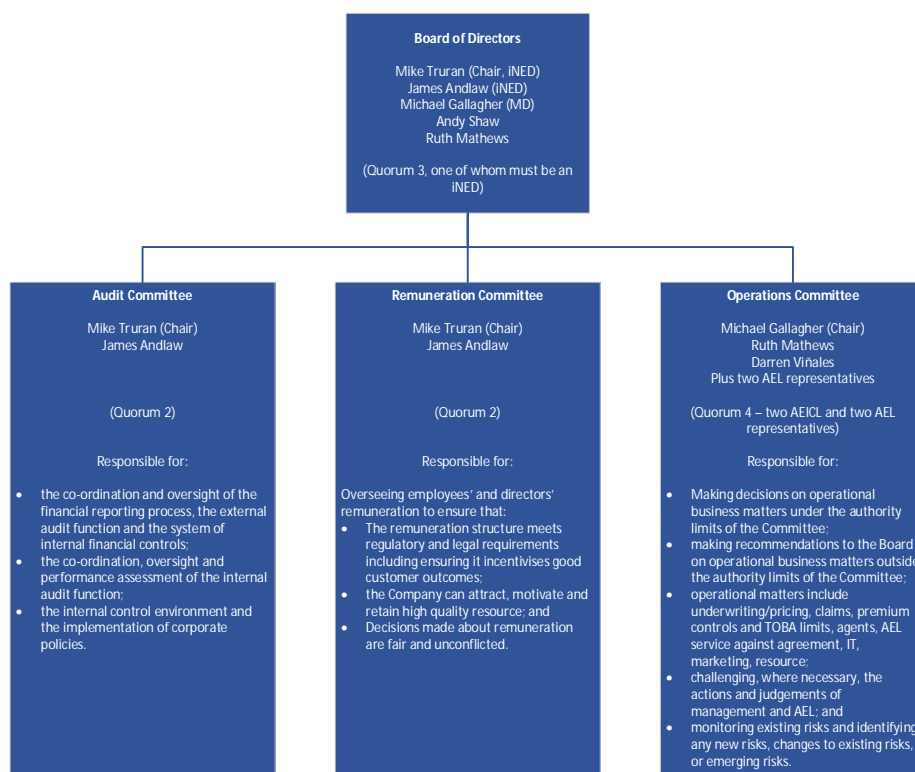
At 31 December 2022 the Directors of AEICL were:

- Michael Gallagher - Chief Executive Officer
- Ruth Mathews - Executive Director
- Andrew Shaw – Executive Director
- Michael Truran – Chair and Independent Non-Executive Director
- James Andlaw – Independent Non-Executive Director

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

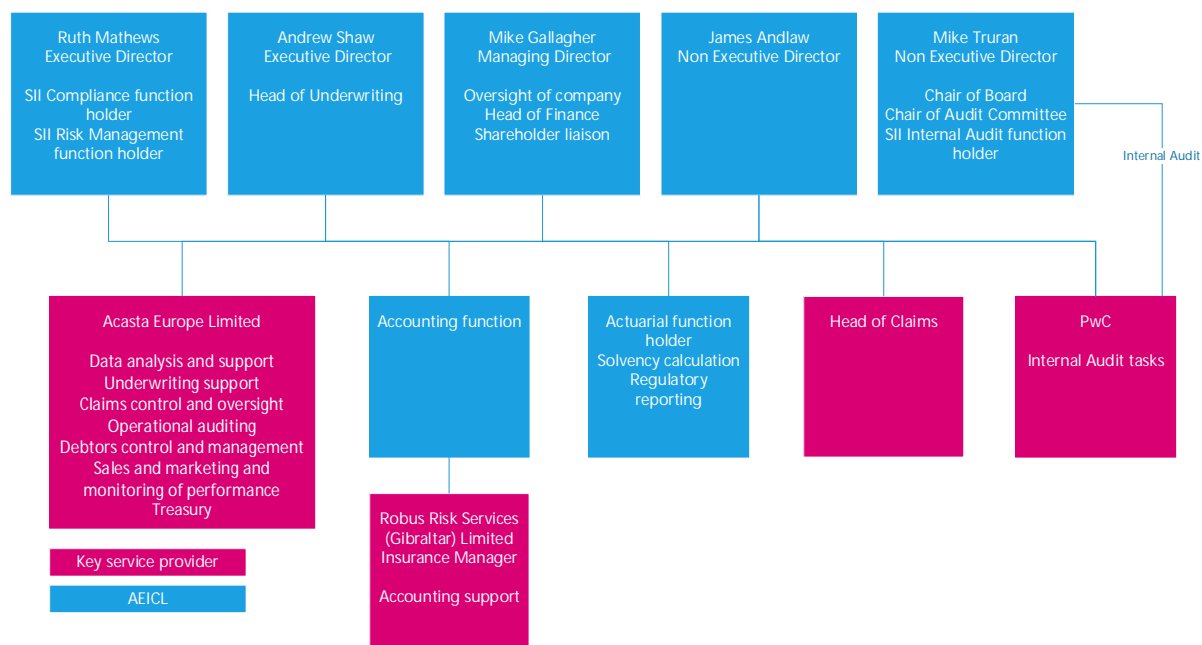
Terms of reference describe the purpose, responsibilities, membership and authority delegated from the Board to the Committees and held by the Board. Relevant attendees are invited to the Committees as determined by the Committees.

Board and Committee Structure at 31 December 2022



The Board set up the Operations Committee in March 2022.

Roles and Responsibilities at 31 December 2022



At the time of writing this report the Company is in the process of changing its Actuarial Function Holder. Completion of this process is subject to regulatory approval and is likely to complete during Q2 2023.

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 fit and proper policies and procedures which detail the 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 status 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.

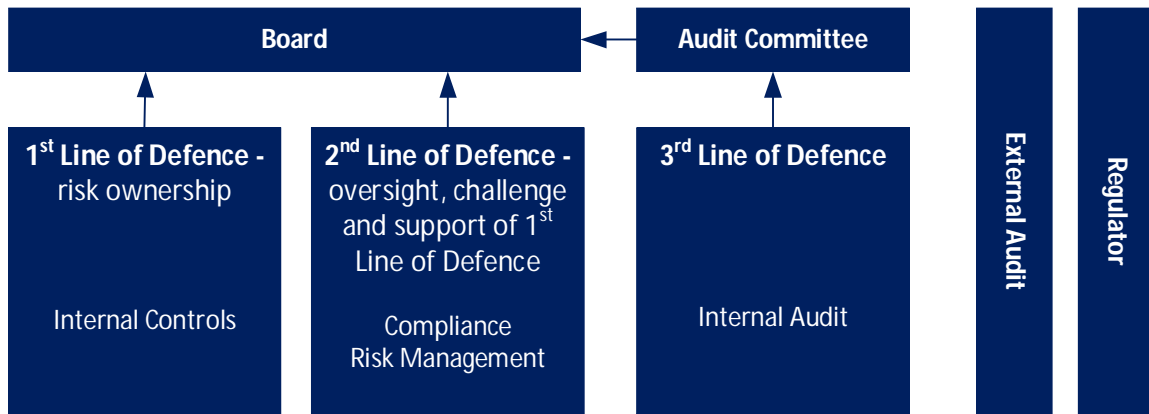
2 Risk Management System including Own Risk and Solvency Assessment ('ORSA')

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:

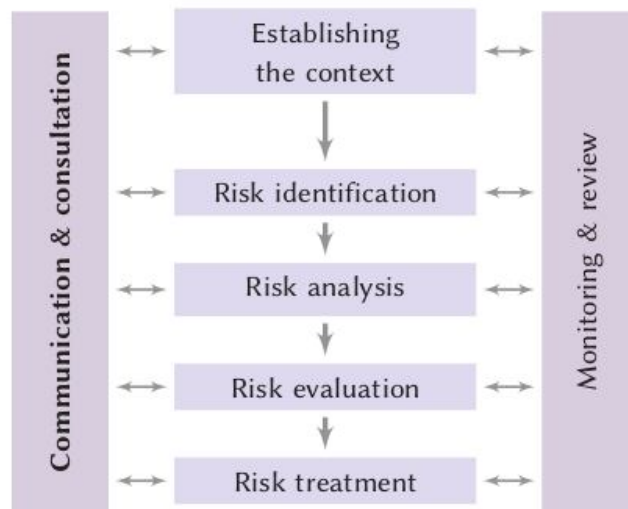
- sets the architecture for the Company's risk management activities including strategy, risk appetite, governance and reporting structure within the business;
- outlines the Company's Risk Management Policy; and
- describes the procedures the Company uses to identify, measure, manage, monitor, record 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 and control registers, which are then 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, with a Head of Risk Management ('HoRM') overseeing the day-to-day function of risk management on its behalf. The Board-approved terms of reference for the risk management function define its purpose, role, authority and responsibilities.

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

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 provide 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 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 that 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 are 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 to 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 coordinating 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 with management responses for review. Any actions arising from the audits are monitored to completion by the AC.

Internal audits are 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 engages 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 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. AEICL provides support to FHGL, primarily consisting of the provision of accounting and company secretarial services.

AEICL

AEICL is reliant on a number of material service providers. Due to the risk this presents, AEICL has an outsourcing policy which describes how it takes the decision to outsource, how a service provider is selected, and how the relationship is defined, managed and monitored. The Company takes a risk-based approach to all 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	Accounting support	Gibraltar
CTC Limited	Provides, hosts and develops the policy administration system for ATE business (in run-off)	United Kingdom
Pecometer	Hosts and develops the underwriting system	United Kingdom
PwC Gibraltar Limited	Internal audit	Gibraltar
J Safra Sarasin	Investment management	Gibraltar
Barclays Bank plc	Investment management	United Kingdom
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

The Group 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 Audit committee.

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 continuing lines of business are GAP, other motor ancillary products, Warranty (Motor, Brown and White Goods and Furniture Warranty) and Wedding.

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 that 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 and Suretyship business was put into run-off during 2022.

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 to mitigate its underwriting risk and reduce its solvency requirement. This quota share reinsurance commenced on 1 January 2020 and was renewed for 2021, 2022 and 2023 across all material lines of business.

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

The Company withdrew from writing French construction business in 2018. The run-off of this business is 100% reinsured with 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 assessment basis. The results are reported to the Board, which may make underwriting and other 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, Barclays, to provide specialist knowledge and detailed investment analysis and make recommendations to the Board. Barclays 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 from the effect of changes in interest yield curves on the Company's investment returns versus future payments to be made in respect of claims. Continuing economic uncertainty in the UK and Europe and recent increases in base rates and forecast inflation are expected to lead to an increase in the yield curves.

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 affected 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 entity 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, 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, to ensure the risk remains within risk appetite.

3. Credit Risk

FHGL

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.

AEICL

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 Company’s reinsurance brokers. In addition, the performance of all reinsurance contracts is reviewed regularly, including 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. AEL closely manages this risk by reviewing intermediaries’ performance and amounts owed, and escalating to the Company 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 to 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 £2,805k.

6. Operational Risk

FHGL

As a holding company, FHGL is exposed to a low level of operational risk. FHGL outsources its operational functions to AEICL. FHGL is also exposed to a low level of crime risk; operational procedures 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 (see section B6 above) 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 2nd and 3rd line of defence assurance processes.
- 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 affect the Warranty market, as regards 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

The World Health Organization ('WHO') first declared Covid-19 to be a public health emergency of international concern (PHEIC) in January 2020. During May 2023, WHO declared that Covid-19 no longer represents a 'global health emergency'. The Company remains vigilant as to the continued impact that Covid-19 may still be having on the Company, in particular issues around claims frequency associated with our motor-related business as well as cultural changes such hybrid working.

Inflation

The Company recognises the risk of inflation affecting its claims costs and monitors this carefully. The external actuary also provides an opinion on the potential effect of inflation as part of the biannual reserve review and, where appropriate, estimated ultimate loss ratios take inflation into account.

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	30	30	0	No change
Deferred acquisition costs	0	85	(85)	These are revalued to nil on the S2 valuation basis.
Tangible and intangible assets	0	397	(397)	These are revalued to nil on the S2 valuation basis.
Cash and investments	64,502	64,695	(193)	This is a reclassification of accrued interest from any other assets to bonds and in addition investments held to maturity are valued on an amortised cost basis in the financial statements and revalued to market value on the S2 valuation basis
Insurance and reinsurance receivables	0	5,147	(5,147)	Insurance and reinsurance receivables are reclassified to technical provisions.
Any other assets	980	1,449	(470)	In addition to the reclassification of accrued income from cash and investments, the Company revalues prepayments to nil on the S2 valuation basis.
Total	65,512	71,803	(6,207)	

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	30	30	0	No change
Deferred acquisition costs	0	85	(85)	These are revalued to nil on the S2 valuation basis.
Tangible and intangible assets	0	397	(397)	These are revalued to nil on the S2 valuation basis.
Cash and investments	64,501	64,694	(193)	This is a reclassification of accrued interest from any other assets to bonds and in addition investments held to maturity are valued on an

				amortised cost basis in the financial statements and revalued to market value on the S2 valuation basis
Insurance and reinsurance receivables	0	5,147	(5,147)	Insurance and reinsurance receivables are reclassified to technical provisions.
Any other assets	626	1,095	(470)	In addition to the reclassification of accrued income from cash and investments, the Company revalues prepayments to nil on the S2 valuation basis.
Total	65,157	71,448	(6,207)	

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	12,764	27	12,791
General Liability insurance	15,539	635	16,174
Credit and Suretyship insurance	11,603	754	12,356
Legal Expenses insurance	(2,713)	127	(2,585)
Assistance	(4)	0	(4)
Miscellaneous Financial Loss insurance	37,207	607	37,813
Total	74,395	2,150	76,545

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 affected 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 data 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, applies the estimated probability of default by rating, and derives 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 has 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').

Year	Fire & Property	Liability	Credit & Surety	Legal Expenses	Assistance	Misc Fin Loss
1	25.47%	27.48%	67.25%	68.00%	103.04%	31.77%
2	43.85%	20.3%	21.3%	27.9%	-3.0%	35.7%
3	36.99%	19.9%	9.4%	11.6%	-0.1%	21.7%
4	17.28%	14.5%	2.0%	6.6%	-	8.3%
5	7.02%	8.6%	0.1%	3.2%	-	2.2%
6	1.40%	6.1%	-	1.5%	-	0.3%
7	-7.19%	2.4%	-	-0.7%	-	0.0%
8	-12.22%	0.6%	-	-4.0%	-	0.0%
9	-9.08%	0.1%	-	-5.9%	-	0.0%
10	-3.24%	0.0%	-	-3.9%	-	0.0%
11	-0.27%	0.00%	0.00%	-4.25%	0.00%	0.00%

2.5.12 Risk Margin - The risk margin has been calculated using 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.

The risk margin in respect of the Company is based on the following estimated SCRs:

Time = <i>t</i>	NL Underwriting Risk (‘000)	Counterparty (‘000)	Operational (‘000)	Diversification (‘000)	Est. SCR (‘000)
0	15,650	1,040	2,232	-495	18,426
1	8,812	609	1,442	-289	10,574
2	4,069	309	732	-146	4,964
3	1,702	88	272	-42	2,019
4	936	12	109	-6	1,052
5	651	50	48	-23	726
6	467	63	22	-28	523
7	327	49	8	-22	362
8	217	24	3	-11	233
9	115	6	2	-3	120
10	58	0	2	0	59
11	27	0	1	0	28
					39,087
			Cost of capital		<u>6%</u>

<i>Risk margin</i>	2,345
	<hr/>
<i>Discounted</i>	2,150
	<hr/>

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	38,830
Remove UPR	(30,805)
Provision for claims relating to UPR	23,616
Recognise BBNI premiums	(476)
Provision for claims relating to BBNI	118
ENID	372
Expense provision	1,960
Expected cost of reinsurer default	23
Discounting	(2,100)
Restatement of intermediary receivables	(12,600)
Restatement of other reinsurance balances	4,660
Risk margin	2,150
Solvency II technical provisions	25,749

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	784	0	784
Reinsurance payables	0	(4,146)	4,146
Payables (trade, not insurance)	6,310	6,310	0

3.2 The deferred tax liability is caused by valuation differences between the Solvency II and GAAP valuation bases whereas reinsurance payables are 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 2022 (£'000)	Eligible capital for the MCR 2022 (£'000)	Eligible capital for the SCR 2021 (£'000)	Eligible capital for the MCR 2020 (£'000)
Ordinary share capital (gross of own shares) and associated share premium	1	18,248	18,248	13,248	13,248
Preference share capital and associated share premium	1	6,167	6,167	4,201	4,201
Preference share capital and associated share premium	2	1,833	1,296	3,799	1,316
Reconciliation reserve	1	6,421	6,421	3,558	3,558
Deferred tax asset	3	0	0	35	0
Unpaid and uncalled ordinary share capital callable on demand	2	6,000		6,000	
		38,669	32,132	30,840	22,323

The Company's own funds are as follows.

Own fund item	Tier	Eligible capital for the SCR 2022 (£'000)	Eligible capital for the MCR 2022 (£'000)	Eligible capital for the SCR 2021 (£'000)	Eligible capital for the MCR 2021 (£'000)
Ordinary share capital (gross of own shares) and associated share premium	1	17,458	17,458	12,458	12,458
Preference share capital and associated share premium	1	6,092	6,092	4,220	4,220
Preference share capital and associated share premium	2	1,908	1,296	3,780	1,316

Reconciliation reserve	1	6,909	6,909	4,422	4,422
Deferred tax asset	3	0	0	35	0
Unpaid and uncalled ordinary share capital callable on demand	2	6,000		6,000	
		38,366	31,754	30,915	22,416

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 Company as at 31 December 2022 was £24.9m (2021: £23.2m). The SCR of the Group as at 31 December 2022 was £25.0m (2021: £23.2m).

2.2. The MCR of the Group and Company as at 31 December 2022 was £6.5m.

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.

MARKET RISK	2022		2021	
	Company (£'000)	Group (£'000)	Company (£'000)	Group (£'000)
Interest rate risk	566	566	203	203
Spread risk	704	704	547	547
Equity risk	0	0	0	0
Currency risk	917	917	860	860
Property risk	263	263	250	250
Concentration risk	0	0	0	0
Market risk diversification	(672)	(672)	(492)	(492)
MARKET RISK TOTAL	1,778	1,778	1,368	1,368

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).

COUNTERPARTY RISK	2022		2021	
	Company (£'000)	Group (£'000)	Company (£'000)	Group (£'000)
Type 1 risk	2,001	2,001	2,794	2,794
Type 2 risk	4,076	4,193	1,514	1,514
Market risk diversification	(345)	(348)	(253)	(253)
COUNTERPARTY RISK TOTAL	5,731	5,845	4,055	4,055

2.3.3. The Company and Group are exposed to non-life underwriting risk as a result of the insurance policies sold. 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.

NON-LIFE UNDERWRITING RISK	2022		2021	
	Company (£'000)	Group (£'000)	Company (£'000)	Group (£'000)
Premium and reserve risk	16,125	16,125	16,586	16,586
Lapse risk	6,166	6,166	1,405	1,405
Catastrophe Risk	6,435	6,435	5,930	5,930
Non-life diversification	(8,944)	(8,944)	(4,910)	(4,910)
NON-LIFE UNDERWRITING RISK TOTAL	19,782	19,782	19,011	19,011

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.

SOLVENCY CAPITAL REQUIREMENT	2022		2021	
	Company (£'000)	Group (£'000)	Company (£'000)	Group (£'000)
Market risks	1,778	1,778	1,368	1,368
Counterparty risks	5,731	5,845	4,055	4,055
Non-life underwriting risks	19,782	19,782	19,011	19,011
Basic SCR diversification	(3,555)	(3,592)	(2,695)	(2,695)
Operational risks	2,232	2,232	1,929	1,929
Loss absorbing capacity of deferred tax	(1,047)	(1,047)	(434)	(434)
SOLVENCY CAPITAL REQUIREMENT	24,920	24,998	23,235	23,235

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	1,471,495
General Liability	2,128,134	185,746
Suretyship	1,493,847	256,730
Legal Expenses	0	0
Assistance	5,327	483
Miscellaneous Financial Loss	22,405,839	13,635,216

2.6 This is the seventh 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 2022
Focus Holdings (Gibraltar) Limited

Annex I**S.02.01.02****Balance sheet**

	Solvency II value	
	C0010	
Assets	R0030	
Intangible assets	R0040	30
Deferred tax assets	R0050	
Pension benefit surplus	R0060	
Property, plant & equipment held for own use	R0070	48,379
Investments (other than assets held for index-linked and unit-linked contracts)	R0080	1,050
Property (other than for own use)	R0090	
Holdings in related undertakings, including participations	R0100	
Equities	R0110	
Equities - listed	R0120	
Equities - unlisted	R0130	47,304
Bonds	R0140	31,214
Government Bonds	R0150	15,655
Corporate Bonds	R0160	
Structured notes	R0170	435
Collateralised securities	R0180	
Collective Investments Undertakings	R0190	
Derivatives	R0200	24
Deposits other than cash equivalents	R0210	
Other investments	R0220	
Assets held for index-linked and unit-linked contracts	R0230	
Loans and mortgages	R0240	
Loans on policies	R0250	
Loans and mortgages to individuals	R0260	
Other loans and mortgages	R0270	50,796
Reinsurance recoverables from:	R0280	50,796
Non-life and health similar to non-life	R0290	50,796
Non-life excluding health	R0300	
Health similar to non-life	R0310	
Life and health similar to life, excluding health and index-linked and unit-linked	R0320	
Health similar to life	R0330	
Life excluding health and index-linked and unit-linked	R0340	
Life index-linked and unit-linked	R0350	
Deposits to cedants	R0360	
Insurance and intermediaries receivables	R0370	
Reinsurance receivables	R0380	
Receivables (trade, not insurance)	R0390	
Own shares (held directly)	R0400	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0410	16,124
Cash and cash equivalents	R0420	980
Any other assets, not elsewhere shown	R0500	116,308
Total assets		

Annex I**S.02.01.02****Balance sheet****Liabilities**

Technical provisions – non-life

Technical provisions – non-life (excluding health)

TP calculated as a whole

Best Estimate

Risk margin

Technical provisions - health (similar to non-life)

TP calculated as a whole

Best Estimate

Risk margin

Technical provisions - life (excluding index-linked and unit-linked)

Technical provisions - health (similar to life)

TP calculated as a whole

Best Estimate

Risk margin

Technical provisions – life (excluding health and index-linked and unit-linked)

TP calculated as a whole

Best Estimate

Risk margin

Technical provisions – index-linked and unit-linked

TP calculated as a whole

Best Estimate

Risk margin

Contingent liabilities

Provisions other than technical provisions

Pension benefit obligations

Deposits from reinsurers

Deferred tax liabilities

Derivatives

Debts owed to credit institutions

Financial liabilities other than debts owed to credit institutions

Insurance & intermediaries payables

Reinsurance payables

Payables (trade, not insurance)

Subordinated liabilities

Subordinated liabilities not in BOF

Subordinated liabilities in BOF

Any other liabilities, not elsewhere shown

Total liabilities**Excess of assets over liabilities**

	Solvency II value
	C0010
R0510	76,545
R0520	76,545
R0530	
R0540	74,395
R0550	2,150
R0560	
R0570	
R0580	
R0590	
R0600	
R0610	
R0620	
R0630	
R0640	
R0650	
R0660	
R0670	
R0680	
R0690	
R0700	
R0710	
R0720	
R0740	
R0750	
R0760	
R0770	
R0780	784
R0790	
R0800	
R0810	
R0820	
R0830	
R0840	6,310
R0850	
R0860	
R0870	
R0880	
R0900	83,639
R1000	32,669

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

	Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for:				Total	
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property		
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160		C0200
Premiums written																		
Gross - Direct Business	R0110						2,960	186	1,254	144	1	27,248						31,793
Gross - Proportional reinsurance accepted	R0120																	
Gross - Non-proportional reinsurance accepted	R0130																	
Reinsurers' share	R0140						1,489		997	441	0	13,613						16,540
Net	R0200						1,471	186	257	-297	0	13,635						15,253
Premiums earned																		
Gross - Direct Business	R0210						3,642	645	1,683	144	1	28,728						34,844
Gross - Proportional reinsurance accepted	R0220																	
Gross - Non-proportional reinsurance accepted	R0230																	
Reinsurers' share	R0240						2,392	309	1,378	441	1	11,072						15,592
Net	R0300						1,250	336	305	-297	1	17,657						19,251
Claims incurred																		
Gross - Direct Business	R0310						4,679	1,604	4,296	-809	-1	19,108						28,878
Gross - Proportional reinsurance accepted	R0320																	
Gross - Non-proportional reinsurance accepted	R0330																	
Reinsurers' share	R0340						3,171	310	3,407	-37	-1	9,710						16,559
Net	R0400						1,509	1,295	889	-772	-1	9,398						12,319
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						401	70	185	-423	0	3,378						3,612
Other expenses	R1200																	635
Total expenses	R1300																	4,247

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

	Line of Business for: life insurance obligations						Life reinsurance obligations		Total
	Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than life insurance	Health reinsurance	Life-reinsurance	
	C0210	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.05.02.01

Premiums, claims and expenses by country

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
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
	R1400							
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

Basic own funds before deduction for participations in other financial sector

Ordinary share capital (gross of own shares)
Non-available called but not paid in ordinary share capital at group level
Share premium account related to ordinary share capital
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings
Subordinated mutual member accounts
Non-available subordinated mutual member accounts at group level
Surplus funds
Non-available surplus funds at group level
Preference shares
Non-available preference shares at group level
Share premium account related to preference shares
Non-available share premium account related to preference shares at group level

Reconciliation reserve

Subordinated liabilities
Non-available subordinated liabilities at group level
An amount equal to the value of net deferred tax assets
The amount equal to the value of net deferred tax assets not available at the group level
Other items approved by supervisory authority as basic own funds not specified above
Non available own funds related to other own funds items approved by supervisory authority
Minority interests (if not reported as part of a specific own fund item)
Non-available minority interests at group level

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

Deductions

Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities
whereof deducted according to art 228 of the Directive 2009/138/EC
Deductions for participations where there is non-availability of information (Article 229)
Deduction for participations included by using D&A when a combination of methods is used
Total of non-available own fund items

Total deductions

Total basic own funds after deductions

Ancillary own funds

Unpaid and uncalled ordinary share capital callable on demand
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand
Unpaid and uncalled preference shares callable on demand
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC

Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
R0010	5,078	5,078			
R0020					
R0030	13,170	13,170			
R0040					
R0050					
R0060					
R0070					
R0080					
R0090	8		8		
R0100					
R0110	7,992		7,992		
R0120					
R0130	6,421	6,421			
R0140					
R0150					
R0160					
R0170					
R0180					
R0190					
R0200					
R0210					
R0220					
R0230					
R0240					
R0250					
R0260					
R0270					
R0280					
R0290	32,669	24,669	8,000		
R0300	6,000			6,000	
R0310					
R0320					
R0350					
R0340					
R0360					

Annex I
S.23.01.22
Own funds

Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC
 Non available ancillary own funds at group level
 Other ancillary own funds

Total ancillary own funds

Own funds of other financial sectors

Reconciliation reserve

Institutions for occupational retirement provision
 Non regulated entities carrying out financial activities
 Total own funds of other financial sectors

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
 Own funds aggregated when using the D&A and a combination of method net of IGT

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)

Total available own funds to meet the minimum consolidated group SCR

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)

Total-eligible own funds to meet the minimum consolidated group SCR

Minimum consolidated Group SCR

Ratio of Eligible own funds to Minimum Consolidated Group SCR

Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)

Group SCR

Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A

Reconciliation reserve

Excess of assets over liabilities
 Own shares (included as assets on the balance sheet)
 Forseeable dividends, distributions and charges
 Other basic own fund items
 Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
 Other non available own funds

Reconciliation reserve before deduction for participations in other financial sector

Expected profits

Expected profits included in future premiums (EPIFP) - Life business
 Expected profits included in future premiums (EPIFP) - Non- life business

Total EPIFP

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
R0370					
R0380					
R0390					
R0400	6,000			6,000	
R0410					
R0420					
R0430					
R0440					
R0450					
R0460					
R0520	38,669	24,669	8,000	6,000	
R0530	38,669	24,669	8,000	6,000	
R0560	38,669	24,669	6,167	7,833	
R0570	32,132	24,669	6,167	1,296	
R0610	6,479				
R0650	495.91%				
R0660	38,669	24,669	6,167	7,833	
R0680	24,998				
R0690	154.69%				

	C0060				
R0700	32,669				
R0710					
R0720					
R0730	26,248				
R0740					
R0750					
R0760	6,421				
R0770					
R0780	2,805				
R0790	2,805				

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

Market risk
 Counterparty default risk
 Life underwriting risk
 Health underwriting risk
 Non-life underwriting risk
 Diversification
 Intangible asset risk
Basic Solvency Capital Requirement

Calculation of Solvency Capital Requirement

Operational risk
 Loss-absorbing capacity of technical provisions
 Loss-absorbing capacity of deferred taxes
 Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC

Solvency capital requirement excluding capital add-on

Capital add-on already set

Solvency capital requirement

Other information on SCR

Capital requirement for duration-based equity risk sub-module
 Total amount of Notional Solvency Capital Requirements for remaining part
 Total amount of Notional Solvency Capital Requirements for ring fenced funds
 Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios
 Diversification effects due to RFF nSCR aggregation for article 304
 Minimum consolidated group solvency capital requirement

Information on other entities

Capital requirement for other financial sectors (Non-insurance capital requirements)
 Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies
 Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions
 Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non-regulated entities carrying out financial activities
 Capital requirement for non-controlled participation requirements
 Capital requirement for residual undertakings

Overall SCR

SCR for undertakings included via D and A

Solvency capital requirement

	Gross solvency capital requirement	USP	Simplifications
	C0110	C0090	C0120
R0010	1,778		
R0020	5,845		
R0030			
R0040			
R0050	19,782		
R0060	-3,592		
R0070			
R0100	23,812		

	C0100
R0130	2,232
R0140	
R0150	-1,047
R0160	
R0200	24,998
R0210	
R0220	24,998
R0400	
R0410	
R0420	
R0430	
R0440	
R0470	6,479
R0500	
R0510	
R0520	
R0530	
R0540	
R0550	
R0560	
R0570	24,998

Annex I
S.32.01.22

Undertakings in the scope of the group

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	Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
								% 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	ancial Services	10000.00%	100	10000.00%		1	10000.00%	1		1
GB	213800SAPSUHYTUNVU18	LEI	Focus Holdings (Gibraltar) Limited	5	limited company	2								1		1



Quantitative Reporting Templates for Year Ended 31 December 2022

Acasta European Insurance Company Limited

Annex I**S.02.01.02****Balance sheet**

	Solvency II value	
	C0010	
Assets	R0030	
Intangible assets	R0040	30
Deferred tax assets	R0050	
Pension benefit surplus	R0060	
Property, plant & equipment held for own use	R0070	48,379
Investments (other than assets held for index-linked and unit-linked contracts)	R0080	1,050
Property (other than for own use)	R0090	
Holdings in related undertakings, including participations	R0100	
Equities	R0110	
Equities - listed	R0120	
Equities - unlisted	R0130	47,304
Bonds	R0140	31,214
Government Bonds	R0150	15,655
Corporate Bonds	R0160	
Structured notes	R0170	435
Collateralised securities	R0180	
Collective Investments Undertakings	R0190	
Derivatives	R0200	24
Deposits other than cash equivalents	R0210	
Other investments	R0220	
Assets held for index-linked and unit-linked contracts	R0230	
Loans and mortgages	R0240	
Loans on policies	R0250	
Loans and mortgages to individuals	R0260	
Other loans and mortgages	R0270	50,796
Reinsurance recoverables from:	R0280	50,796
Non-life and health similar to non-life	R0290	50,796
Non-life excluding health	R0300	
Health similar to non-life	R0310	
Life and health similar to life, excluding health and index-linked and unit-linked	R0320	
Health similar to life	R0330	
Life excluding health and index-linked and unit-linked	R0340	
Life index-linked and unit-linked	R0350	
Deposits to cedants	R0360	
Insurance and intermediaries receivables	R0370	
Reinsurance receivables	R0380	
Receivables (trade, not insurance)	R0390	
Own shares (held directly)	R0400	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0410	16,123
Cash and cash equivalents	R0420	626
Any other assets, not elsewhere shown	R0500	115,953
Total assets		

Annex I**S.02.01.02****Balance sheet****Liabilities**

Technical provisions – non-life

Technical provisions – non-life (excluding health)

TP calculated as a whole

Best Estimate

Risk margin

Technical provisions - health (similar to non-life)

TP calculated as a whole

Best Estimate

Risk margin

Technical provisions - life (excluding index-linked and unit-linked)

Technical provisions - health (similar to life)

TP calculated as a whole

Best Estimate

Risk margin

Technical provisions – life (excluding health and index-linked and unit-linked)

TP calculated as a whole

Best Estimate

Risk margin

Technical provisions – index-linked and unit-linked

TP calculated as a whole

Best Estimate

Risk margin

Contingent liabilities

Provisions other than technical provisions

Pension benefit obligations

Deposits from reinsurers

Deferred tax liabilities

Derivatives

Debts owed to credit institutions

Financial liabilities other than debts owed to credit institutions

Insurance & intermediaries payables

Reinsurance payables

Payables (trade, not insurance)

Subordinated liabilities

Subordinated liabilities not in BOF

Subordinated liabilities in BOF

Any other liabilities, not elsewhere shown

Total liabilities**Excess of assets over liabilities**

	Solvency II value
	C0010
R0510	76,545
R0520	76,545
R0530	
R0540	74,395
R0550	2,150
R0560	
R0570	
R0580	
R0590	
R0600	
R0610	
R0620	
R0630	
R0640	
R0650	
R0660	
R0670	
R0680	
R0690	
R0700	
R0710	
R0720	
R0740	
R0750	
R0760	
R0770	
R0780	784
R0790	
R0800	
R0810	
R0820	
R0830	
R0840	6,258
R0850	
R0860	
R0870	
R0880	
R0900	83,586
R1000	32,366

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

	Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for:				Total	
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property		
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160		C0200
Premiums written																		
Gross - Direct Business	R0110						2,960	186	1,254	144	1	27,248						31,793
Gross - Proportional reinsurance accepted	R0120																	
Gross - Non-proportional reinsurance accepted	R0130																	
Reinsurers' share	R0140						1,489		997	441	0	13,613						16,540
Net	R0200						1,471	186	257	-297	0	13,635						15,253
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Net	R0300						1,250	336	305	-297	1	17,657						19,251
Claims incurred																		
Gross - Direct Business	R0310						4,679	1,604	4,296	-809	-1	19,108						28,878
Gross - Proportional reinsurance accepted	R0320																	
Gross - Non-proportional reinsurance accepted	R0330																	
Reinsurers' share	R0340						3,171	310	3,407	-37	-1	9,710						16,559
Net	R0400						1,509	1,295	889	-772	-1	9,398						12,319
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						401	70	185	-423	0	3,378						3,612
Other expenses	R1200																	635
Total expenses	R1300																	4,247

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

	Line of Business for: life insurance obligations						Life reinsurance obligations		Total
	Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health	Health reinsurance	Life-reinsurance	
	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	
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

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
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
	R1400							
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	12,389	6,710	1,127	-4,484	-4	28,775	44,515
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	13,580	6,842	1,400	-1,409	-9	12,095	32,498
Net Best Estimate of Premium Provisions	R0150	-1,191	-131	-272	-3,074	5	16,680	12,017
Claims provisions								
Gross	R0160	374	8,828	10,475	1,771	0	8,432	29,881
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	-182	6,569	8,709	497	0	2,706	18,299
Net Best Estimate of Claims Provisions	R0250	557	2,260	1,766	1,274	0	5,726	11,582
Total Best estimate - gross	R0260	12,764	15,539	11,603	-2,713	-4	37,207	74,395
Total Best estimate - net	R0270	-634	2,128	1,494	-1,800	5	22,406	23,599
Risk margin	R0280	27	635	754	127	0	607	2,150
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	12,791	16,174	12,356	-2,585	-4	37,813	76,545
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	13,398	13,411	10,109	-912	-9	14,801	50,796
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	-607	2,763	2,248	-1,673	5	23,013	25,749

Annex I
S.19.01.21
Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	Z0020	Underwriting year [UWY]
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Gross Claims Paid (non-cumulative)
(absolute amount)

Year	Development year										In Current year	Sum of years (cumulative)		
	C0010	1 C0020	2 C0030	3 C0040	4 C0050	5 C0060	6 C0070	7 C0080	8 C0090	9 C0100			10 & + C0110	C0170
Prior	R0100													
2013	R0160	57	187	672	445	518	133	29	1	-1	7	R0160	7	2,047
2014	R0170	598	696	948	886	400	88	77	23	82		R0170	82	3,796
2015	R0180	2,100	2,539	2,039	1,021	583	300	118	210			R0180	210	8,910
2016	R0190	2,255	6,073	3,007	2,086	678	565	236				R0190	236	14,899
2017	R0200	2,724	11,312	5,628	3,367	3,896	1,821					R0200	1,821	28,748
2018	R0210	3,865	7,737	4,287	2,942	2,251						R0210	2,251	21,083
2019	R0220	7,012	13,481	8,595	5,509							R0220	5,509	34,596
2020	R0230	2,282	9,203	5,110								R0230	5,110	16,595
2021	R0240	2,338	6,201									R0240	6,201	8,539
2022	R0250	2,599										R0250	2,599	2,599
	Total											R0260	24,027	141,812

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

Year	Development year										Year end (discounted data)		
	C0200	1 C0210	2 C0220	3 C0230	4 C0240	5 C0250	6 C0260	7 C0270	8 C0280	9 C0290		10 & + C0300	C0360
Prior	R0100										58	R0100	42
2013	R0160			543	889	245	624	343	99	68		R0160	49
2014	R0170		-940	204	41	241	84	-12	-129			R0170	-101
2015	R0180	2,134	392	612	205	102	20	6				R0180	12
2016	R0190	4,468	3,183	1,951	935	486	487	505				R0190	555
2017	R0200	6,990	4,649	4,239	4,337	3,207	3,012					R0200	3,332
2018	R0210	529	10,256	10,209	11,299	9,331						R0210	9,853
2019	R0220	8,379	4,637	5,064	3,874							R0220	3,492
2020	R0230	3,326	4,672	4,139								R0230	3,676
2021	R0240	2,073	5,618									R0240	5,423
2022	R0250	3,630										R0250	3,549
	Total											R0260	29,881

Annex I
S.23.01.01
Own funds

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)
- Share premium account related to ordinary share capital
- Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings
- Subordinated mutual member accounts
- Surplus funds
- Preference shares
- Share premium account related to preference shares
- Reconciliation reserve
- Subordinated liabilities
- An amount equal to the value of net deferred tax assets
- Other own fund items approved by the supervisory authority as basic own funds not specified above

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

Deductions

Deductions for participations in financial and credit institutions

Total basic own funds after deductions

Ancillary own funds

- Unpaid and uncalled ordinary share capital callable on demand
- Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand
- Unpaid and uncalled preference shares callable on demand
- A legally binding commitment to subscribe and pay for subordinated liabilities on demand
- Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC
- Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC
- Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC
- Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC
- Other ancillary own funds

Total ancillary own funds

Available and eligible own funds

- Total available own funds to meet the SCR
- Total available own funds to meet the MCR
- Total eligible own funds to meet the SCR
- Total eligible own funds to meet the MCR

SCR

MCR

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
R0010	5,061	5,061			
R0030	12,397	12,397			
R0040					
R0050					
R0070					
R0090	8		8		
R0110	7,992		7,992		
R0130	6,909	6,909			
R0140					
R0160					
R0180					
R0220					
R0230					
R0290	32,366	24,366	8,000		
R0300	6,000			6,000	
R0310					
R0320					
R0330					
R0340					
R0350					
R0360					
R0370					
R0390					
R0400	6,000			6,000	
R0500	38,366	24,366	8,000	6,000	
R0510	32,366	24,366	8,000		
R0540	38,366	24,366	6,092	7,908	
R0550	31,754	24,366	6,092	1,296	
R0580	24,920				
R0600	6,479				

Annex I
S.23.01.01
Own funds

Ratio of Eligible own funds to SCR
Ratio of Eligible own funds to MCR

Reconciliation reserve

- Excess of assets over liabilities
- Own shares (held directly and indirectly)
- Foreseeable dividends, distributions and charges
- Other basic own fund items
- Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds

Reconciliation reserve

Expected profits

- Expected profits included in future premiums (EPIFP) - Life business
- Expected profits included in future premiums (EPIFP) - Non- life business

Total Expected profits included in future premiums (EPIFP)

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
R0620	153.96%				
R0640	490.08%				

	C0060	
R0700	32,366	
R0710		
R0720		
R0730	25,458	
R0740		
R0760	6,909	
R0770		
R0780	2,805	
R0790	2,805	

Annex I
S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

Market risk
Counterparty default risk
Life underwriting risk
Health underwriting risk
Non-life underwriting risk
Diversification
Intangible asset risk
Basic Solvency Capital Requirement

Calculation of Solvency Capital Requirement

Operational risk
Loss-absorbing capacity of technical provisions
Loss-absorbing capacity of deferred taxes
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC

Solvency capital requirement excluding capital add-on

Capital add-on already set

Solvency capital requirement

Other information on SCR

Capital requirement for duration-based equity risk sub-module
Total amount of Notional Solvency Capital Requirement for remaining part
Total amount of Notional Solvency Capital Requirements for ring fenced funds
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios
Diversification effects due to RFF nSCR aggregation for article 304

Approach to tax rate

Approach based on average tax rate

Calculation of loss absorbing capacity of deferred taxes

LAC DT
LAC DT justified by reversion of deferred tax liabilities
LAC DT justified by reference to probable future taxable economic profit
LAC DT justified by carry back, current year
LAC DT justified by carry back, future years
Maximum LAC DT

	Gross solvency capital requirement	USP	Simplifications
	C0110	C0090	C0120
R0010	1,778		
R0020	5,731		
R0030			
R0040			
R0050	19,782		
R0060	-3,555		
R0070			
R0100	23,735		

	C0100
R0130	2,232
R0140	0
R0150	-1,047
R0160	
R0200	24,920
R0210	
R0220	24,920
R0400	
R0410	
R0420	
R0430	
R0440	

	Yes/No
	C0109
R0590	2 - No

	LAC DT
	C0130
R0640	-1,047
R0650	-757
R0660	-290
R0670	
R0680	
R0690	-3,067

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	6,479

	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
	C0020	C0030
R0020		
R0030		
R0040		
R0050		
R0060		
R0070		
R0080		1,471
R0090	2,128	186
R0100	1,494	257
R0110		
R0120	5	0
R0130	22,406	13,635
R0140		
R0150		
R0160		
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
R0210		
R0220		
R0230		
R0240		
R0250		

Overall MCR calculation

		C0070
Linear MCR	R0300	6,479
SCR	R0310	24,920
MCR cap	R0320	11,214
MCR floor	R0330	6,230
Combined MCR	R0340	6,479
Absolute floor of the MCR	R0350	3,126
		C0070
Minimum Capital Requirement	R0400	6,479