British Reserve Insurance Company Limited

Solvency and Financial Condition Report

For the year ended December 31, 2021

Contents

Summary

Solvency II Introduction and Basis of Preparation

This is the Solvency and Financial Condition Report ("SFCR") of British Reserve Insurance Company Limited ("BRIC" or "the Company"). Publication of the SFCR is a mandatory requirement of the Solvency II Directive[1] for all insurance companies domiciled in the European Union ("EU"). Solvency II, effective from January 1, 2016, is a harmonised EU-wide insurance regulatory regime that aims to improve customer protection and modernise supervision of insurance companies by their local regulators. On January 31, 2020 the UK left the EU and entered a transitional period which expired on December 31, 2020. Solvency II remained applicable during this transitional period and remains in force, and so the Company will continue to comply with all relevant regulation including publication of an SFCR.

This SFCR has been prepared in compliance with Commission Delegated Regulation (EU) 2015/35 ("the Delegated Regulation"), being the applicable European Union regulation, using the structure set out in Annex XX of that document, and in accordance with the Guidelines on reporting and public disclosure (BoS-15/109) as issued by the European Insurance and Occupational Pensions Authority ("EIOPA").

The SFCR is made up of 5 key sections that together give a comprehensive overview of the Company's business strategy and performance, its system of governance, its risk profile, its current valuation for Solvency II purposes, and its capital management approach and current capital position.

Section A – Business and performance

On 31 December 2020, the Company was acquired by Marco Capital Holdings Limited ("MCHL"), a company registered in Malta, from Allianz SE. MCHL is the Company's immediate and ultimate parent undertaking and the holding company for the Marco Group ("the Group"). MCHL intends to use the Company to grow the Group's run-off business in the UK through reinsurance transactions, loss portfolio transfers and acquisitions of other insurance entities with UK and worldwide exposures.

The Company ceased to underwrite other specialist insurance in 2009 and musical instrument insurance in 2015 and its business is currently in run-off. The remaining material exposures from the initial acquisition relate to non-proportional marine, aviation and transport reinsurance which are fully reinsured, and non-life insurance contracts other than health insurance obligations. In 2021 the Company entered into a novation agreement with a highly rated counterparty to assume the risk of the incumbent reinsurer's share of general liability business risks (largely US APH) from its membership in a pool.

The only material geographical areas in which the Company carries out business are the United Kingdom and the United States.

There was a pre-tax loss for the year of £18k (2020: loss £195k). The result was largely driven by underwriting profits of £3,582k (2020: Profit of £1k) which were offset by expenses of £3,642k (2020: £264k). Administrative expenses have increased due to the focus on growing the business through acquisitions and reinsurance transactions.

[1] Directive 2009/138/EC, as amended by Directive 2014/51/EU, articles 51 – 56.

Section B – System of governance

The Company's Board of Directors have overall oversight of the business, while the day-to-day running is conducted by management within the confines of the System of Governance; a set of rules and processes to ensure that the business is run prudently and in compliance with the Solvency II regulations.

Section C – Risk profile

The Company is exposed to a number of risks including reserving risk, market risk, credit risk, liquidity risk, conduct risk and operational risk. These risks are proactively identified, managed and mitigated using appropriate risk analytic tools and metrics.

Section D – Valuation for solvency purposes

Section D reviews the balance sheet of the Company on a Solvency II valuation basis. The balance sheet is the main mechanism by which the solvency of the Company – the amount of capital it has available to protect it and its policyholders against a shock – is assessed.

Under Solvency II the assets and liabilities are reported at fair value; that is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This valuation principle is broadly similar to that stipulated by Financial Reporting Standards ("FRS") and used for the preparation of the Company's 2021 Financial Statements. Section D provides a reconciliation between FRS and Solvency II reporting and commentary to explain material differences.

Technical provisions represent the current amount required to transfer insurance obligations immediately to another insurance entity and include the funds the Company has put aside specifically to pay future claims. Section D.2 examines in detail the separate elements that make up the technical provisions and explains the actuarial methods and assumptions used.

Section E – Capital management

Own Funds refers to the capital available within the Company for the purpose of absorbing shocks. The amount of Own Funds required by Solvency II is defined by the Minimum Capital Requirement ("MCR") and the Solvency Capital Requirement ("SCR"). The MCR is the level of Own Funds below which the Company may no longer legally continue to trade, while the SCR is the minimum level treated as acceptable in normal circumstances by the Solvency II regime.

The table below shows the breakdown of the Company's Eligible Own Funds and the SCR and MCR coverage:

	2021 (£'000)	2020 (£'000)	Movement (£'000)
Eligible own funds to meet SCR	5,731	6,163	(432)
Eligible own funds to meet MCR	5,731	6,163	(432)
Solvency Capital Requirement	2,900	637	2,263
Minimum Capital Requirement	3,127	3,257	(130)
Ratio of own funds to SCR	198%	968%	(770%)
Ratio of own funds to MCR	183%	189%	(6%)

Further information about the quality of the Own Funds and the makeup of the SCR is provided in sections E.1 and E.2.

The Company uses the Solvency II standard formula to determine its capital requirements.

Statement of directors' responsibilities and auditors report

Finally, the SFCR contains a Statement of Directors' responsibilities. It does not contain an auditor's report as the Company is exempt from any auditing requirements in respect of its SFCR as it meets the definition of a small firm for external audit purposes as published by the Prudential Regulation Authority ("PRA").

A. Business and Performance

A.1 Business

Name and legal form

British Reserve Insurance Company Limited ("the Company") is a private limited company incorporated in the UK under company no 00307622.

Supervision

The Company is supervised by both the PRA in respect of financial and prudential matters, and the Financial Conduct Authority ("FCA") in respect of conduct matters. Their respective contact details are:

Prudential Regulation Authority:
20 Moorgate
London EC2R 6DA
United Kingdom
Tel: +44 (0)20 3461 7000
PRA.FirmEnquiries@bankofengland.co.uk

Financial Conduct Authority:
12 Endeavour Square
London, E20 1JN
United Kingdom
Tel: +44 (0)20 7066 1000
firm.queries@fca.org.uk

External Auditors

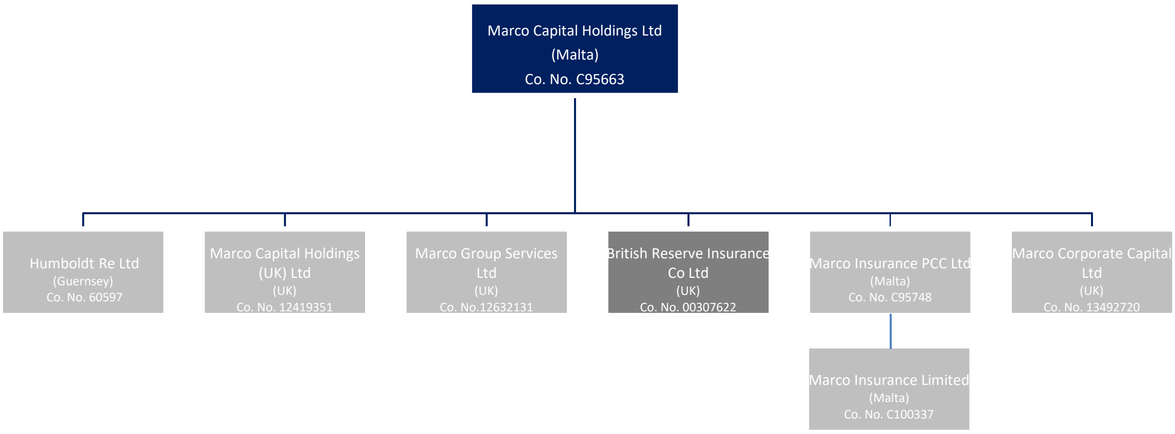
The external auditors of the Company are Mazars UK. Their contact details are as follows:

Tower Bridge House
St Katharine's Way
London
E1W 1DD
United Kingdom
Tel: +44 (0) 20 7063 4000
Website: www.mazars.co.uk

Holders of qualifying holdings and material related undertakings

BRIC is wholly owned by MCHL, an insurance holding company which is the immediate parent undertaking of the Company. MCHL is ultimately owned by private equity funds managed by Oaktree Capital Group Holdings GP, L.L.C. and Brookfield Asset Management Inc. which are considered to be the qualifying shareholders.

The structure chart below shows the position of the Company within the Group as at 31 December 2021:



Material lines of business and material geographical areas

The Company ceased to underwrite business during 2015 and is now in run-off. As a result of historical activity, it has provisions in respect of non-proportional marine, aviation and transport reinsurance and fire and other damage to property insurance. The only material geographical areas in which the company has underwritten business and there are remaining exposures are the United Kingdom and United States.

The non-proportional marine, aviation and transport business is 100% reinsured to a highly rated reinsurance counterparty. Proportional general liability risk assumed during the year are reinsured to a number of third party reinsurers through the Company's membership in a pool and through a third party XOL contract to reinsure certain other risks.

A.2 Underwriting Performance

There was a pre-tax loss for the year of £18k (2020: loss £195k). The result was largely driven by underwriting profits of £3,582k (2020: Profit of £1k) which were offset by expenses of £3,642k (2020: £264k). Administrative expenses have increased due to the focus on growing the business through acquisitions and reinsurance transactions.

The Company ceased to underwrite other specialist insurance in 2009 and musical instrument insurance in 2015. There are a number of ongoing legacy asbestosis, pollution and disease exposures which are 87% reinsured by a highly rated reinsurance counterparty, plus additional APH business reinsured through participation in a pool which the Company assumed in 2021 through a novation agreement. These liabilities are 26% ceded to external parties.
The Company currently has UK GAAP gross technical liabilities of £7.9m (2020: £2.0m) and net technical liabilities of £4.7m (2020: £0.2m). The liabilities have increased in 2021 due to the novation agreement the Company entered into to assume the liabilities (largely US APH) of an unrelated counterparty.

A.3 Investment Performance

The Company currently holds all its investable assets in cash and cash equivalents plus other highly liquid financial assets. In 2021, the Company earned interest income of £2k (2020: £87k) from investment activities.

A.4 Performance of Other Activities

In 2021, there were no other material activities generating income or expenses.

A.5 Any Other Information

COVID-19 pandemic

The Company has continued to operate seamlessly throughout the COVID-19 pandemic. The Company has no exposure to COVID-19 through the insurance liabilities it has assumed and the directors are confident that the Company will continue to operate with minimal disruption should there be any future COVID-19 variants.

Russian invasion of Ukraine

The invasion of Ukraine by Russia on 24 February 2022 has led to significant sanctions against Russia. The Company has no ongoing exposures to, or investments in, Russian-related interests, and the conflict is not expected to have any impact on the Company at this time.

B. System of Governance

B.1 General Information on System of Governance

The Board and its Committees

The Board of Directors of BRIC maintains overall ownership and responsibility for decision making and the setting of Company strategic objectives and associated incentivisation; and provides the necessary oversight, governance and leadership to put them into effect. The Board is responsible for controlling and directing the Company in line with expectations and requirements of its ultimate shareholders, and for ensuring that the business is compliant with all applicable legislative and regulatory requirements. It is also responsible for external reporting of the Company.

As at 31 December 2021, the Board comprised six directors, with three directors being independent non-executive directors to ensure appropriate independent oversight and challenge. The members of the Board bring significant experience and market knowledge that collectively provide leadership, integrity, judgement and sound values to direct and supervise the affairs of the Company. The Board has adopted the three lines model for its governance structure.

The members of the Board of the Company are:

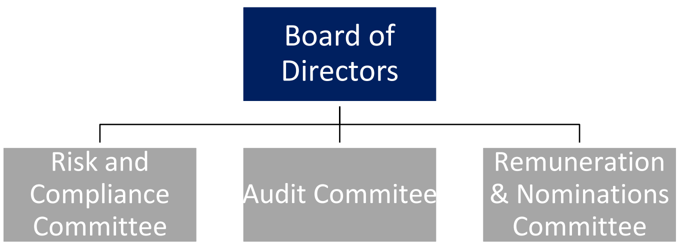
Executive

A Barlow	(appointed 31 December 2020)
S Minshall	(appointed 31 December 2020)
P A Rooke	(appointed 31 December 2020)

Independent Non-Executive

R Tolle	(appointed 31 December 2020)
Dr M Sebold-Bender	(appointed 31 December 2020)
D F J Wemmer	(appointed 31 December 2020)

The Board meets at least on a quarterly basis and is supported by the advice from and reporting of the following Board Committees which are each chaired by an independent Non-Executive Director. Each committee has formal terms of reference which outline how the committee is constituted, the membership and the duties of the Committee



Risk and Compliance Committee

The Risk and Compliance Committee is responsible to provide effective oversight that risks faced by the business are managed in line with the agreed and defined risk appetites. The Committee maintains full independence from executive management, to ensure that the interests of the shareholders are appropriately protected in relation to risk management, monitoring and regulatory compliance. The Committee also has overall responsibility for compliance matters for BRIC.

The Risk and Compliance Committee is composed of two Independent Non-Executive Directors and one executive director.

Audit Committee

The Audit Committee is responsible to assist the Board in overseeing the financial reporting, the internal control framework and the selection process for auditors.

The Audit Committee's overarching purpose is to monitor the internal controls with regard to financial reporting and provide recommendations on the appointment of auditors to the Board. The Audit Committee maintains full independence from the executive management of BRIC to ensure that the interests of the shareholders are appropriately protected in relation to financial reporting and the internal control framework. The Audit Committee receives reports from the internal audit function, and from the Company's external auditors, and reports to the Board.

The Audit Committee is composed of three Independent Non-Executive Directors.

Remuneration and Nominations Committee

The Remuneration and Nominations Committee is responsible for reviewing the remuneration arrangements for employees and Directors. This includes base salary and short and long-term incentives. The Committee is also responsible for reviewing and approving the composition of the Board and Board Committees, appointments of Directors and succession planning.

The Chair reports the committee's findings, following each meeting, to the Board on at least a quarterly basis, or more frequently if deemed necessary.

The Remuneration and Nominations Committee is composed of two Independent Non-Executive Directors.

B.2 Fit and proper requirements

In line with the requirements of the PRA and FCA under the Senior Managers and Certification Regime (SM&CR), all Senior Managers, including those identified as Key Function Holders and/or Key Function Performers, must satisfy the following fit and proper requirements:

- has the required personal characteristics (including being of good repute and integrity);
- has the necessary level of competence, knowledge and experience, including appropriate qualifications; and
- is financially sound

These individuals must also undergo any training required to enable them to perform their function effectively and in accordance with any relevant regulatory requirements.

The Company assesses the fitness & propriety of an individual when that person is being considered for any Senior Management Function (SMF) role, Certified Function (CF) role, Key Function (KF) or notified Non-Executive Director (NED) position and annually thereafter. The ongoing evaluation consists of, as a minimum, a performance assessment and a self-certification and may also include external checks such as criminal record checks, depending on the individual's position. The person should also ensure that their skills, knowledge and experience remain adequate and are kept up to date.

All members of the Company's Board are of good repute, integrity and financial soundness. Further, the Board is satisfied that its members possess appropriate qualifications, experience and knowledge including, but not limited to:

- insurance and financial markets;
- business strategy and business model;
- system of governance;
- financial and actuarial analysis; and
- regulatory framework and requirements.

B.3 Risk management including the Own Risk and Solvency Assessment ("ORSA")

The risk management function of the Company is outsourced to PwC UK through Marco Group Services Limited, a group entity that provides a number of intra-group services. PwC is the leading European regulatory and risk practice within the insurance industry. The risk management function is responsible for:

- Monitoring the general risk profile of the insurer as a whole;
- Reporting on risk exposures to the Board;
- Identifying and assessing emerging risks; and
- Oversight of the ORSA process and production of the ORSA report.

The risk management function is accountable for the responsibilities of the function listed above. The risk management function reports to the Risk and Compliance committee and the Board on a quarterly basis with regards to risk management issues and following any material change in the risk profile. The risk function holder can call for an ad hoc Board meeting to address risk management issues where they deem this to be appropriate.

The Risk Management System is defined in the Company's documented Risk Management Framework, Risk Policies, Risk Appetite Statement and its Risk Register which is monitored on an ongoing basis and presented at each Risk and Compliance Committee meeting, highlighting any risks falling outside the risk appetite of the Company.

Risk identification

It is the responsibility of the risk function to monitor the risk profile of the business and identify and escalate new risks to the business as needed. Where a new or escalating risk is deemed to be material to the business, the risk function holder will escalate this to the Board for further consideration.

The risk management and actuarial functions will also review, agree and assess the risk profile of the Company during the ORSA process, reporting on any new or changing risks.

ORSA

The Company's ORSA provides an internal assessment of the Company's current and future capital requirement, taking into consideration the specific risk profile and strategy of the firm. Thus, it considers areas not fully reflected in the SCR.

The ORSA considers business strategy and risk appetite in assessing the Company's on-going solvency. The ORSA framework is a series of processes to enable the Company to manage its risk profile against risk appetite and ensure there is appropriate capital to cover the risk faced in the medium term.

The Company's strategy is to run-off its existing books of business and to acquire (re)insurance portfolios in run-off through reinsurance transactions, loss portfolio transfers and acquisitions of other insurance entities. The Board manages the business, and has based risk appetites upon capital management and impact on capital and this approach will continue as the Company embarks on its growth strategy.

Governance

The Board is responsible both for approving the ORSA policy and reviewing, challenging and signing off the ORSA outputs. The Board remains the principal audience for the ORSA. The Board requests and directs additional testing or alternative representations of risk, as needed, that they feel will provide a clearer representation of the risks faced by the Company.

The quality of data used during the ORSA process is vital. Each ORSA report will contain a statement attesting to the data quality checks that have been carried out over the data used in the report.

Technical provisions are a key input to the ORSA. As such, each report will contain a statement from the Actuarial Function Holder confirming that technical provisions have been calculated in accordance with best estimates and reserving best practice and are in line with required Technical Accounting Standards (TASs).

ORSA Process

The ORSA process enables the Company's Board to ensure risks are effectively managed and appropriate capital is held within the business. The process is reviewed at a minimum of at least once annually by management to ensure the process remains up to date and fits in with the profile of the business. In addition, the ORSA process helps to identify weaknesses, and future emerging risks and uncertainties. The following inputs are used in the ORSA process:

- Company business plan, including fully-fledged three-year projections with assumptions;
- Latest audited financial statements;
- Solvency II balance sheet and accompanying quarterly / annual quantitative reporting information;
- Actuarial reports;
- Risk register;
- Board approved risk appetites;

- Latest risk dashboards;
- Governance structures; and
- Any relevant regulatory correspondence.

The Company's risk function also supports the actuarial function to provide solvency analysis, which will include an assessment of the amount and quality of own funds held using testing of tiering. Stress and scenario testing will also be performed to provide analysis of how robust the solvency position of the Company is in line with the SCR and current risk profile. The outcome of the internal solvency analysis will help the Company to ensure that it holds sufficient capital for the whole risk universe of the Company whilst continuously complying with regulatory solvency capital and technical provisions requirements.

Frequency of ORSA

This report is carried out at least annually by the Company or following a material change to the risk profile. This is to ensure the ORSA remains relevant and fit for purpose. If this approach to the ORSA was to change, this process would be reviewed within a timely manner and, where required, revisions made.

B.4 Internal Control System

The Company's internal control system is robust and appropriate for the nature, scale and complexity of the business. The three lines model is embedded in the internal control system of the Company and includes financial reporting controls, operationally independent key functions and support provided by external firms as required.

Management is responsible for first line processes and related controls with the Compliance and Risk Management functions acting as the key second line functions, monitoring and challenging the first line. Internal and External audit form the third line with responsibility for all activities including any outsourced activities.

Compliance Function

Compliance is a second line key function within the Internal Control System of the Group. This function is outsourced to PwC UK, which is one of the leading European regulatory and risk practices within the insurance industry and has access to various insurance professionals across multiple disciplines.

The function's primary responsibilities and activities are:

- To fulfil the role of Compliance Officer and ensure compliance with applicable law, regulations and administrative provisions to protect the Company against compliance and conduct risks.
- To advise senior management, committees and the Board on compliance with applicable laws and regulations including the Solvency II Directive and other relevant regulation.

The function achieves this by establishing and maintaining appropriate compliance policies, frameworks and procedures and through ongoing compliance monitoring and the provision of relevant and timely management information. The activities and processes of the compliance function are supported by, other key functions, such as Internal Audit, Risk, and Actuarial, or outsource partners.

The compliance function holder provides a compliance update to the Board and Risk and Compliance Committee on a quarterly basis.

B.5 Internal Audit function

The Company's internal audit function is outsourced to KPMG UK which is part of a global network of professional services firms providing audit, tax and advisory services. KPMG UK has easy access to territory-specific expertise in many different countries. This ensures independence of the internal audit function from operational activities.

The internal audit function reports to the Audit Committee and also has direct access to the Board, whenever necessary. The Audit Committee and the Board may request internal audit to conduct a review where they deem necessary, outside of the internal audit plan. KPMG reports its findings to the Audit Committee, which reports to the Board who determine what actions are to be taken as a result of those findings and shall ensure any actions are completed. The internal audit function may also report directly to the Board or hold meetings with the Board without the presence of executive management, as necessary.

B.6 Actuarial function

Solvency II requires that the Company has an actuarial function to:

- Coordinate the calculation and validation of technical items under financial reporting and Solvency II standards, including technical provisions calculations;
- Ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;
- Assess the sufficiency and quality of the data used in the calculation of technical provisions;
- Compare best estimates against experience;
- Inform the Board of the reliability and adequacy of the calculation of technical provisions;
- Oversee the calculation of technical provisions;
- Express an opinion on the overall underwriting policy;
- Express an opinion on the adequacy of reinsurance arrangements; and
- Contribute to the effective implementation of the risk management system, in particular with respect to the risk modelling underlying the calculation of the capital requirements.

The actuarial function is outsourced to PwC UK ("PwC") through Marco Group Services Limited, a group entity that provides various intra-group services. The actuarial function reports directly to the Board and is overseen by Chief Financial Officer.

B7. Remuneration principles

The Company's Board has delegated its authorities relating to the oversight of remuneration of employees and directors, and appointments to the Board, to the Remuneration & Nominations Committee. The Committee will maintain full independence from the Company's executive management, to ensure that the interests of the shareholders are appropriately protected.

The Remuneration & Nominations Committee is responsible for:

- review annually and make decisions on the Company's remuneration system, design, policies and implementation;
- review and recommend the remuneration of the Company's staff;
- review and recommend the remuneration of the Company's Executive and Non-Executive Directors, including the Chair of the Board; and
- review and recommend the contractual terms of employment and termination arrangements of Executive Directors to the Board.

In performing these activities, the Committee will give consideration to the following components of remuneration:

- base salary;
- benefits;
- variable pay - bonuses; and
- variable pay - long-term incentives.

No individual shall be involved in any discussions or decisions that relate to their own remuneration.

B.8 Outsourcing

Background and regulatory expectations

The FCA defines outsourcing as an arrangement of any form between a firm and a service provider by which that service provider performs a process, a service or an activity which would otherwise be undertaken by the firm itself.

Under SYSC 13.9 of the FCA handbook, the firm is expected to have in place systems and controls to ensure effective oversight and management of outsourcing arrangements. The use of outsourcing is seen to increase the operational risks associated with the firm and therefore this must be adequately addressed. Firms are expected to take particular care to manage risk in respect of material outsourcing arrangements (those which are considered critical or important to the firm's continued performance of its regulated activities and regulatory responsibilities) and must notify the regulator of these.

The Company has implemented an Outsourcing Policy which defines the minimum requirements for outsourcing critical, important and key functions to service providers. The Policy defines principles, minimum requirements, responsibilities, processes and reporting outputs in accordance with relevant regulatory requirements.

Notwithstanding the outsourcing of certain important activities, the Company remains fully responsible for discharging all its obligations. It must manage the outsourcing prudently. In particular, the risks associated with outsourcing shall be identified, analysed, assessed and adequately managed and monitored.

The Outsourcing Policy establishes the process for assessing and appointing the service provider and the drafting of agreements to be entered into with such providers, subject to relevant regulatory requirements. It also outlines the monitoring processes for the effective governance and oversight of such outsourcing arrangements. For each outsourced key/critical function, the Company allocates responsibility for oversight of the outsourced service provider by a person or Committee of the Company.

Categorisation of outsourcing arrangements

Under Solvency II, there are four Key Functions: actuarial, risk, compliance and internal audit. Activity within each of these functions BRIC is outsourced and oversight and control are maintained centrally.

In addition, the Company has determined that the following outsourced services are critical for the performance of services of the firm on a continuous and satisfactory basis:

- Finance
- Claims
- Data storage
- System maintenance and support
- Reinsurance
- Complaints handling
- Investment Management

The Company has also determined that the following outsourced services are important for the performance of services of the Company on a continuous and satisfactory basis:

- Accounting
- Tax
- Company Secretarial

During the reporting period, the Company has outsourced the following critical and important functions:

Function	Service Provider	Jurisdiction
Actuarial	PwC	UK
Compliance	PwC	UK
Internal Audit	KPMG	UK
Risk Management	PwC	UK

B.9 Any other Information

The Company continuously monitors the effectiveness of its system of governance, including the effectiveness of specific functions, and considers them to be operating effectively.

C. Risk Profile

Risk is measured and steered using a number of qualitative and quantitative tools. There have been no material changes to the measures used to assess risks during 2021.

The Company has insured only non-life underwriting risks. As a result of its asset management activities to support its primary business activities it is also exposed to market and credit risks.

This section provides information on the Company's overall risk profile followed by a description of each risk category in detail.

The Company does not use special purpose vehicles to transfer risk. It is not exposed to risk from positions off its balance sheet.

C.1 Underwriting Risk

Underwriting risk consists solely of reserve risk for the Company.

Due to the risk management practices in place, there are no concentrations regarding underwriting risk that could materially affect the Company's solvency ratio.

Management

The Company holds reserves for claims resulting from past events that have not yet been settled. If the claims reserves are not sufficient to cover claims to be settled in the future due to unexpected changes, losses would be incurred. Claims reserves could be under-estimated if, for example, more claims had occurred in the past than have been estimated.

The run-off portfolios on the Company's books are well covered by reinsurance. This effectively swaps the reserve risk of the Company for credit risk with respect to the recoverability of the reinsurance recoveries.

The continuing effectiveness of this reinsurance is reviewed periodically by the members of the Company's Board.

After the application of reinsurance, there is a residual reserve risk remaining in the Company and this is managed through calculation and monitoring of development of the reserves and the holding of a risk margin on top of the best estimate of liabilities. This is done on a line of business level every quarter and reported to the Audit Committee for review.

Assessment

Due to the application of reinsurance as at the reporting date, the net level of underwriting risk is relatively low. Net reserves are valued at a best estimate of £4.5m on a Solvency II valuation basis and an additional risk margin is held of £812k to cover any adverse movement from best estimate.

Uncertainty naturally arises in any estimate of technical provisions owing to the volatility associated with the underlying claims process. This volatility is likely to be significant for such a small portfolio with a limited number of outstanding claims. The actuarial team has conducted in-depth actuarial assessments of the reserves including actual vs expected analysis and the portfolios are developing as expected with no increased reserve volatility risks.

C.2 Market risk

Management

The Company manages market risk in a conservative manner. MIPCC currently holds all investable assets in cash. The Company intends to invest its assets as it grows which will give rise to other market sub-risks. In an effort to mitigate these risks the Company will maintain a high-quality investment portfolio with a relatively short duration to reduce the effect of interest rate changes on book value.

The Company has a policy of broadly matching its currency liabilities with assets denominated in the same currency in order to minimise currency risk. Rebalancing of net currency exposure is undertaken at the end of every quarter to reflect changes in either asset or liability values.

Assessment

i) Interest rate risk

The current exposure to interest rate risk is limited because the Company holds all investable assets in cash.

ii) Currency risk

At present, currency risk makes up the majority of the Company’s exposure to market risk.

The company incurs claims in multiple currencies, significantly USD and GBP. Due to the nature of unpredictably of claims, in particular those not yet reported, there is an inherent currency risk exposure which the Company faces.

C.3 Credit risk

Management

The Company manages credit risk for financial assets and cash and cash equivalents by limiting the amount of exposure to individual counterparties. The Company reviews credit ratings of counterparties and other information considered relevant to assess the risks. The Company acts to limit exposures dependent upon credit rating with a broad strategy of maximising returns on assets with an acceptable level of risk.

In 2022 the Company has appointed Conning Asset Management Limited (“Conning”) as its investment Manager. Conning has a Credit Research team with expertise in all major industry groups assigning proprietary Conning ratings and outlooks. The team assigns proprietary target ratings and outlooks to all issuers.

Reinsurance is used to manage insurance risk. Reinsurance does not discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason the Company remains liable for the payment to the policyholder. In view of the potential long-term exposure from insurance risks reinsurance security is limited to highly rated reinsurers that offer the best long-term security.

Assessment

At the reporting date, the credit risk relating to financial assets was low, as the majority of assets are held in cash with a highly rated institution however this leads to a high concentration risk as all cash is held with one bank.

For reinsurance related credit risk, the majority of the reserves are reinsured with highly rated and regulated reinsurance companies however with the reinsurance transaction written in 2021 there are a number of unrated reinsurers and hence why credit risk in this respect has increased, though single name exposures are not high.

C.4 Liquidity risk

Management

The Company maintains suitable liquidity to meet claims and other obligations and this is managed through a risk tolerance measure. This includes the maintenance of a minimum level of cash in order to pay the likely claims obligations in the near future.

Assessment

The Company has sufficient liquid assets to meet obligations as they fall due. The market value of the Company's cash and cash equivalents at 31 December 2021 amounted to £12.3m (2020: £6.8m). All of the cash and cash equivalents are readily realisable. Furthermore, the Company has reinsurance arrangements in place to further reduce its liquidity risk. As a result, the Company's exposure to potential liquidity risk is low.

C.5 Operational risk

Operational risk is the risk of failure in people, processes or systems of the Company.

Management

The Company seeks to manage this risk through the Risk & Control Self-Assessment (RCSA) process which includes the maintenance of operational risk registers covering all aspects of operations, facilitated by the risk function. Through the RCSA process, each 'Risk Owner' is responsible for assessing the design and operating effectiveness of their control environment, and, to the extent any gaps or deficiencies exist, assessing the corresponding impacts and level of operational risk. The risk function provides a structured and consistent approach to the RCSAs across the organisation, including the approach/methodology for ratings, and also to provide some independent input and challenge to the risk owners as part of the process.

This is supplemented by a structured programme of testing of processes and systems by internal audit.

Assessment

The biggest operational risk facing the Company is key man risk as a result of the current low headcount. The Group seconds a number of members of its Group Executive Team to the Company to manage the day-to-day operations. The Company also relies a lot on outsourcing which in itself creates an additional risk i.e. outsourcing failure. The Company has in place an Outsourcing Policy which details the process of selecting service providers and overseeing the performance and risks potentially emerging from such arrangements.

Towards the end of 2021, the Covid-19 pandemic has hit the operations of the Company in that it has relied upon remote working, and remote meetings of the Boards and Committees. The Company has invoked elements of the Business Continuity Policy to ensure that staff and suppliers can continue to undertake all business services remotely. This has had no material impact on the Company in its pursuit of its strategy.

C.6 Conduct risk

Conduct risk is considered separately to the rest of the Risk Management Framework of the Company. This is because conduct risk is principally considered as the risk to customers arising from the Company’s practices. As a runoff insurer, the Company’s conduct risk exposure is largely confined to the claims process and it is subject to conduct risk standards which are levied on all staff.

C.7 Other material risks and emerging risks

BRIC has no other material risk exposures.

Emerging risks are monitored by the risk function and these include the impact of climate change on the strategy and exposure of the business and lately the invasion of Ukraine by Russia on 24 February 2022 which has led to significant sanctions against Russia. The Company has no ongoing exposures to, or investments in, Russian-related or Ukraine-based interests, and the conflict is not expected to have any impact on the Company at this time.

Emerging risks are kept under close scrutiny by the risk function and are reported on a quarterly basis to the Risk and Compliance Committee.

C.8 Other information

There is nothing further to report regarding the risk profile of the Company.

D. Valuation for solvency purposes

Introduction

The scope of this section of the report is to represent the Company's financial position valued according to the Solvency II Directive.

The recognition, measurement and valuation policies for FRS reporting purposes applied by the Company are summarised in the Company's Annual Report and Financial Statements. This report summarises any differences to those valuation policies for solvency purposes.

The table below shows the FRS balance sheet as at December 31, 2021, and the key valuation and reclassification differences between that and the balance sheet used for solvency purposes.

(£'000)	FRS (a)	Reclassifications (b)	Valuation differences (c)	Solvency II (d)=(a+b+c)
Assets				
Deferred tax asset	-	-	126	126
Reinsurance recoverables	3,295	16	(258)	3,053
Insurance and intermediaries receivables	334	-	-	334
Reinsurance receivables	32	(16)	-	16
Receivables (Trade, not insurance)	10			10
Cash and cash equivalents	12,277	-	-	12,277
Total Assets	**15,948**	**-**	**(132)**	**15,816**
Liabilities				
Technical provisions	7,987		406	8,393
Best Estimate	7,987	-	(406)	7,581
Risk margin		-	812	812
Reinsurance payables	254	-	-	254
Payables (Trade, not insurance)	875	-	-	875
Other liabilities	563	-	-	563
Total Liabilities	**9,679**		**406**	**10,085**
Excess of Assets over Liabilities	**6,269**		**(538)**	**5,731**

There were no changes made to the recognition and valuation bases used or estimation methodologies during the reporting period.

D.1 Assets

D.1.1 Reinsurance recoverables

For comments concerning this item, please refer to D.2 Technical Provisions.

D.1.2 Insurance and intermediaries receivable

The FRS balance consists of certain reinsurance recoverable amounts that are not yet due as at the balance sheet date, and so are recognized within technical provisions in the Solvency II balance sheet.

D.1.3 Receivables (Trade, not insurance)

Receivables are measured at transaction price, less any impairment under FRS and Solvency II, unless the market value deviates materially from the adjusted transaction price. In that case, the market value is used in the Solvency II balance sheet.

D.1.4 Cash and cash equivalents

Cash and cash equivalents are measured at face value. There is no material difference in valuation between the Solvency II value and the FRS accounts.

D.2 Technical Provisions

Basis

Technical provisions are calculated in respect of all insurance obligations to policyholders.

The value of the technical provisions corresponds to the current amount required to transfer insurance obligations immediately to another insurance entity.

The technical provisions consist of the claims provision, premium provision and risk margin, and these elements are calculated separately. Together the claims provision and the premium provision constitute the best estimate liabilities (“BEL”).

Methods and assumptions

The calculation of the BEL is based on up-to-date and credible information and realistic assumptions and is performed using relevant actuarial and statistical methods.

The claims provision is based on the FRS claims provision, with the addition of an allowance for future investment management expenses. A payment pattern is applied to each element of the claims provision to obtain future cash flows, which are discounted to reflect the time value of money in line with Solvency II requirements.

The risk margin is calculated by determining the cost of providing an amount of eligible own funds equal to the Solvency Capital Requirement (SCR) necessary to support the insurance obligations over their lifetime.

Our approach to estimating future SCRs is based on the current SCR as a proportion of remaining best estimate provisions at each future time period. The cost of capital rate used in the calculation of the risk margin is set by EIOPA at 6%.

The table below shows technical provisions both gross and net of reinsurance by Solvency II line of business

(£'000)	**Gross**		**Net**			
SII Line of Business	**Claims Provision**	**Premium Provision**	**Claims Provision**	**Premium Provision**	**Risk Margin**	**SII Technical Provisions**
Non-proportional MAT reinsurance	1,704	-	168	-	30	198
General liability insurance	5,877	-	4,360	-	782	5,142
Total	**7,581**	**-**	**4,529**	**-**	**812**	**5,341**

The Solvency II basis has inherent uncertainty around the discount benefit arising from future movements in the yield curve and payment patterns. Other than discounting, the assumptions that have the greatest effect on the movement of provisions are those that affect the expected level of claims. These can come from a number of sources, including, but not limited to:

- claims reporting patterns being different from those expected;
- claims handling costs being different from those expected.

There is no material difference between FRS provisions and Solvency II technical provisions other than the introduction of a risk margin.

No matching adjustment or volatility adjustment is applied to the risk-free yield curve used to discount the technical provisions. No transitional arrangements are applied.

Reinsurance recoverables

Reinsurance recoverables are calculated for the claims provision based on the reinsurance in place. US asbestos, pollution and health hazard ("APH") claims, Electricity Industry Run-Off Services Limited ("EIROS") scheme covering run-off of claims arising from the nationalised British electricity industry (period from 1950 – 1982) and football abuse claims are fully ceded to a AA rated counterparty. The net reserves for these classes is therefore zero.

There is no reinsurance cover in place for UK fire & accident claims, and therefore the net technical provisions are equal to the gross technical provisions. There is both excess of loss and quota share reinsurance in place for the general liability reinsurance, and we have allowed for these when determining the net technical provisions.

Material changes in assumptions

Assumptions are subject to a regular review cycle with the period between reviews chosen to reflect the materiality of the assumption. Reserving for IBNR continues to be based upon industry benchmark survival ratios applied to expected payout patterns.

For UK fire & accident claims, we have moved to a claim-by-claim analysis, using claim reporting and payment patterns to determine expected future claim numbers and average costs.

Simplifications

The calculation of the technical provisions is carried out using materially appropriate, complete and correct data and using valuation methods which are appropriate to the nature and complexity of the insurance technical risks. Their limitations are identified and understood. Selection of the appropriate method is based on expert judgement, considering the quality, quantity and reliability of the available data and analysis of all-important characteristics of the business.

The method used to calculate the Risk Margin is defined by Solvency II regulation as a simplification.

D.3 Other liabilities

D.3.1 Deferred Taxes

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

The valuation difference relating to deferred taxes mainly results from differences in technical provisions and insurance receivables for Solvency II.

The Solvency II to FRS valuation differences, their applicable tax rate and deferred tax impact are outlined in the table below.

(£'000)	Valuation Differences before Deferred Tax	Tax Rate Applied	Deferred Tax Impact	Differences between FRS and SII
Reinsurance Recoverables	(258)	19%	49	(209)
Best Estimate	406	19%	(77)	329
Risk Margin	(812)	19%	154	(658)
Total	(664)	-	126	(538)

There is no material difference in valuation methodology for any other class of liability.

D.4 Alternative Methods of Valuation

No alternative methods of valuation are used.

D.5 Any other information

There is no other material information on the valuation of assets or liabilities.

E. Capital Management

E.1. Own Funds

The core objective of the Company's management of capital is to ensure that it maintains a solvency ratio of 120%.

The Group maintains a formal capital management policy, and capital management planning is embedded within the main planning process, with a time horizon of five years. Capital management protects the Company's Own Funds base in line with the Group's Risk Strategy and appetite.

The core element of the approach to capital management is the approval by the Company's Board of any dividends or requests for additional capital. This approval is subject to maintaining an adequate buffer over the SCR/MCR.

The table below shows the breakdown of the Own Funds by Tier, and the SCR and MCR coverage.

	2021 (£'000)	2020 (£'000)
Tier 1		
Ordinary shares	5,000	5,000
Reconciliation reserve	731	1,163
Total Tier 1	5,731	6,163
Total eligible own funds to meet the SCR	5,731	6,163
SCR (see below)	2,900	637
SCR coverage ratio	198%	967%
Total eligible own funds to meet the MCR	5,731	6,163
MCR (see below)	3,127	3,257
MCR coverage ratio	**183%**	**189%**

No Own Fund items for the Company rely on transitional measures for their inclusion in Tier 1. There are no restrictions on the availability of Own Funds to support the SCR and MCR, and no matching adjustment portfolio exists. The Company has no subordinated debt, or ancillary Own Fund items.

The reconciliation reserve is made up of retained earnings and reconciliation adjustments from FRS to Solvency II balance sheet only.

E.2. Solvency Capital Requirement & Minimum Capital Requirement

The Company uses the Standard Formula to calculate its SCR. The SCR at December 31, 2021, amounts to £2,900k, and the MCR amounts to £3,127k (equal to the minimum requirement of €3.7m set by EIOPA converted at the exchange rate mandated by the PRA). A split of the SCR by the different risk modules is shown in the following table.

Risk Category	2021 (£'000)	2020 (£'000)	Movement (£'000)
Market risk	1,198	96	1,102
Interest rate risk	203	3	200
Currency risk	1,131	95	1,036
Diversification benefit	(136)	(2)	(134)
Counterparty risk	895	469	426
Premium and reserve risk	1,473	128	1,345
Lapse risk	-	0	-
Operational risk	227	59	168
Sum of standalone risks	3,793	752	3,041
Diversification benefit	(893)	(115)	(778)
SCR before deferred tax	2,900	637	2,263
Deferred tax	-	-	-
SCR	**2,900**	**637**	**2,263**

The calculation of the MCR follows the methodology described in the Solvency II regulation. It uses the SCR as an input parameter for determining the possible range for the MCR, as well as the standard set of inputs required by the formula-based calculation.

The total diversified SCR has increased by £2,263k over the reporting period. This is owing to the reinsurance transaction written in 2021which has resulted in a significant increase in the reserve risk requirement.

E.3 Use of various options in the Standard Formula calculation

Simplifications, undertaking-specific parameters and the duration-based equity risk sub-module are not used.

E.4 Differences between the standard formula and any internal model used

No internal model is used by the Company.

E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

The Company has complied continuously with the Minimum Capital Requirement and the Solvency Capital Requirement.

E.6 Any other information

All important information regarding the capital management of the undertaking is addressed in the above sections.

F. Statement of Directors' responsibilities

We acknowledge our responsibility for preparing the SFCR in all material respects in accordance with the PRA Rules and the Solvency II Regulations.

We are satisfied that:

a) throughout the financial year in question, the insurer has complied in all material respects with the requirements of the PRA Rules and the Solvency II Regulations as applicable to the insurer; and
b) it is reasonable to believe that the insurer has continued so to comply subsequently and will continue so to comply in future.

By order of the Board
Philip Rooke
Director
British Reserve Insurance Company Ltd
Registered Number: 307622

April 6, 2022

Appendix – Quantitative Reporting Templates

British Reserve Insurance Company Limited

Solvency and Financial Condition Report

Disclosures

31 December

2021

(Monetary amounts in GBP thousands)

General information

Undertaking name	British Reserve Insurance Company Limited
Undertaking identification code	213800RTX5OTITEGRN53
Type of code of undertaking	LEI
Type of undertaking	Non-life undertakings
Country of authorisation	GB
Language of reporting	en
Reporting reference date	31 December 2021
Currency used for reporting	GBP
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

S.02.01.02 - Balance sheet
S.05.01.02 - Premiums, claims and expenses by line of business
S.05.02.01 - Premiums, claims and expenses by country
S.17.01.02 - Non-Life Technical Provisions
S.19.01.21 - Non-Life insurance claims
S.23.01.01 - Own Funds
S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	126
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	0
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	
R0120	*Equities - unlisted*	
R0130	*Bonds*	0
R0140	*Government Bonds*	0
R0150	*Corporate Bonds*	0
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	0
R0190	*Derivatives*	
R0200	*Deposits other than cash equivalents*	0
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	3,053
R0280	*Non-life and health similar to non-life*	3,053
R0290	*Non-life excluding health*	3,053
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
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	0
R0360	Insurance and intermediaries receivables	334
R0370	Reinsurance receivables	17
R0380	Receivables (trade, not insurance)	10
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	12,277
R0420	Any other assets, not elsewhere shown	
R0500	**Total assets**	15,816

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	8,393
R0520	*Technical provisions - non-life (excluding health)*	8,393
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	7,581
R0550	*Risk margin*	812
R0560	*Technical provisions - health (similar to non-life)*	0
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	0
R0590	*Risk margin*	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	
R0630	*Best Estimate*	
R0640	*Risk margin*	
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	
R0680	*Risk margin*	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	
R0830	Reinsurance payables	254
R0840	Payables (trade, not insurance)	875
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	563
R0900	**Total liabilities**	10,085
R1000	**Excess of assets over liabilities**	5,731

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business																	0
R0120	Gross - Proportional reinsurance accepted								8,272									8,272
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share																	0
R0200	Net							0	8,272							0		8,272
	Premiums earned																	
R0210	Gross - Direct Business																	0
R0220	Gross - Proportional reinsurance accepted																	0
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share																	0
R0300	Net							0	0							0		0
	Claims incurred																	
R0310	Gross - Direct Business																	0
R0320	Gross - Proportional reinsurance accepted								6,321									6,321
R0330	Gross - Non-proportional reinsurance accepted															-38		-38
R0340	Reinsurers' share								1,592							0		1,592
R0400	Net							0	4,729							-38		4,690
	Changes in other technical provisions																	
R0410	Gross - Direct Business																	0
R0420	Gross - Proportional reinsurance accepted																	0
R0430	Gross - Non-proportional reinsurance accepted																	0
R0440	Reinsurers' share																	0
R0500	Net							0	0							0		0
R0550	**Expenses incurred**							0	496							3,146		3,643
R1200	**Other expenses**																	
R1300	**Total expenses**																	3,643

S.05.02.01

Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010								
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business							0
R0120	Gross - Proportional reinsurance accepted	8,272						8,272
R0130	Gross - Non-proportional reinsurance accepted							0
R0140	Reinsurers' share							0
R0200	Net	8,272						8,272
	Premiums earned							
R0210	Gross - Direct Business							0
R0220	Gross - Proportional reinsurance accepted							0
R0230	Gross - Non-proportional reinsurance accepted							0
R0240	Reinsurers' share							0
R0300	Net	0						0
	Claims incurred							
R0310	Gross - Direct Business							0
R0320	Gross - Proportional reinsurance accepted	6,321						6,321
R0330	Gross - Non-proportional reinsurance accepted	-38						-38
R0340	Reinsurers' share	1,592						1,592
R0400	Net	4,690						4,690
	Changes in other technical provisions							
R0410	Gross - Direct Business							0
R0420	Gross - Proportional reinsurance accepted							0
R0430	Gross - Non-proportional reinsurance accepted							0
R0440	Reinsurers' share							0
R0500	Net	0						0
R0550	**Expenses incurred**	3,643						3,643
R1200	**Other expenses**							
R1300	**Total expenses**							3,643

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**							0	0							0		0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole																	0
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross							0	0							0		0
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default																	0
R0150	**Net Best Estimate of Premium Provisions**							0	0							0		0
	Claims provisions																	
R0160	Gross							0	5,877							1,704		7,581
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default							0	1,517							1,536		3,053
R0250	**Net Best Estimate of Claims Provisions**							0	4,360							168		4,529
R0260	**Total best estimate - gross**							0	5,877							1,704		7,581
R0270	**Total best estimate - net**							0	4,360							168		4,529
R0280	**Risk margin**							0	782							30		812
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole																	0
R0300	Best estimate																	0
R0310	Risk margin																	0
R0320	**Technical provisions - total**							0	6,659							1,734		8,393
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**							0	1,517							1,536		3,053
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**							0	5,142							198		5,341

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020	Accident year / underwriting year	Accident Year

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

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year	Development year											In Current year	Sum of years (cumulative)
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											103	103	103
R0160	2012	1,436	0	0	0	0	1	1	0	0	0		0	1,437
R0170	2013	1,789	0	0	14	4	2	0	0	0			0	1,809
R0180	2014	1,472	0	32	15	0	0	0	0				0	1,519
R0190	2015	645	41	0	4	0	0	0					0	690
R0200	2016	2	0	0	0	0	0						0	2
R0210	2017	0	0	0	0	0							0	0
R0220	2018	0	0	0	0								0	0
R0230	2019	0	0	0									0	0
R0240	2020	0	0										0	0
R0250	2021	307											307	307
R0260												Total	410	5,868

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
	Year	Development year											Year end (discounted data)
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											1,909	1,704
R0160	2012	0	0	0	3	0	0	0	0	0	0		0
R0170	2013	0	0	8	0	0	0	0	0	0			0
R0180	2014	0	0	2	0	0	0	0	0				0
R0190	2015	210	4	5	0	0	0	0					0
R0200	2016	0	0	0	0	0	0						0
R0210	2017	0	0	0	0	0							0
R0220	2018	0	0	0	0								0
R0230	2019	0	0	0									0
R0240	2020	0	0										0
R0250	2021	6,299											5,877
R0260												Total	7,581

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 2015/35	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier
		C0010	C0020	C0030	C0040	C005
R0010	Ordinary share capital (gross of own shares)	5,000	5,000		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	
R0110	Share premium account related to preference shares	0		0	0	
R0130	Reconciliation reserve	731	731			
R0140	Subordinated liabilities	0		0	0	
R0160	An amount equal to the value of net deferred tax assets	0				
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	
R0220	**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**	0				
R0230	**Deductions for participations in financial and credit institutions**	0				
R0290	**Total basic own funds after deductions**	5,731	5,731	0	0	
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	5,731	5,731	0	0	
R0510	Total available own funds to meet the MCR	5,731	5,731	0	0	
R0540	Total eligible own funds to meet the SCR	5,731	5,731	0	0	
R0550	Total eligible own funds to meet the MCR	5,731	5,731	0	0	
R0580	**SCR**	2,900				
R0600	**MCR**	3,127				
R0620	**Ratio of Eligible own funds to SCR**	197.66%				
R0640	**Ratio of Eligible own funds to MCR**	183.31%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	5,731
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	
R0730	Other basic own fund items	5,000
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	731
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	
R0790	**Total Expected profits included in future premiums (EPIFP)**	0

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	1,198		
R0020	Counterparty default risk	895		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	1,473		
R0060	Diversification	-893		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	2,672		

USP Key

For life underwriting risk:
1 - Increase in the amount of annuity benefits
9 - None

For health underwriting risk:
1 - Increase in the amount of annuity benefits
2 - Standard deviation for NSLT health premium risk
3 - Standard deviation for NSLT health gross premium risk
4 - Adjustment factor for non-proportional reinsurance
5 - Standard deviation for NSLT health reserve risk
9 - None

For non-life underwriting risk:
4 - Adjustment factor for non-proportional reinsurance
6 - Standard deviation for non-life premium risk
7 - Standard deviation for non-life gross premium risk
8 - Standard deviation for non-life reserve risk
9 - None

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	227
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	2,900
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	2,900
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

	Approach to tax rate	C0109
R0590	Approach based on average tax rate	0

	Calculation of loss absorbing capacity of deferred taxes	LAC DT
		C0130
R0640	LAC DT	
R0650	LAC DT justified by reversion of deferred tax liabilities	0
R0660	LAC DT justified by reference to probable future taxable economic profit	0
R0670	LAC DT justified by carry back, current year	0
R0680	LAC DT justified by carry back, future years	0
R0690	Maximum LAC DT	0

S.28.01.01

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

	Linear formula component for non-life insurance and reinsurance obligations	C0010
R0010	MCR_{NL} Result	480

		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	Medical expense insurance and proportional reinsurance	0	
R0030	Income protection insurance and proportional reinsurance	0	
R0040	Workers' compensation insurance and proportional reinsurance	0	
R0050	Motor vehicle liability insurance and proportional reinsurance	0	
R0060	Other motor insurance and proportional reinsurance	0	
R0070	Marine, aviation and transport insurance and proportional reinsurance	0	
R0080	Fire and other damage to property insurance and proportional reinsurance	0	
R0090	General liability insurance and proportional reinsurance	4,360	
R0100	Credit and suretyship insurance and proportional reinsurance	0	
R0110	Legal expenses insurance and proportional reinsurance	0	
R0120	Assistance and proportional reinsurance	0	
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	
R0140	Non-proportional health reinsurance	0	
R0150	Non-proportional casualty reinsurance	0	
R0160	Non-proportional marine, aviation and transport reinsurance	168	
R0170	Non-proportional property reinsurance	0	

	Linear formula component for life insurance and reinsurance obligations	C0040
R0200	MCR_{L} Result	0

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

	Overall MCR calculation	C0070
R0300	Linear MCR	480
R0310	SCR	2,900
R0320	MCR cap	1,305
R0330	MCR floor	725
R0340	Combined MCR	725
R0350	Absolute floor of the MCR	3,127
R0400	**Minimum Capital Requirement**	3,127