British Reserve Insurance Company Limited

Solvency and Financial Condition Report

For the year ended December 31, 2020

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Summary

Solvency II Introduction and Basis of Preparation

This is the Solvency and Financial Condition Report ("SFCR") for British Reserve Insurance Company Limited ("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 relate to non-proportional marine, aviation and transport reinsurance which are fully reinsured, and non-life insurance contracts other than health insurance obligations. 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 £195k (2019: profit £102k). The loss for the year was largely driven by administrative expenses of £264k (2019: £40k) and foreign exchange losses of £19k (2019: £14k loss) exceeding investment income of £87k (2019: £109k) with negligible income from claims run-off (2019: £58k net favourable development).

[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 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 2020 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:

	2020 (£'000)	2019 (£'000)	Movement (£'000)
Eligible own funds to meet SCR	6,163	9,587	(3,424)
Eligible own funds to meet MCR	6,163	9,587	(3,424)
Solvency capital requirement	637	585	52
Minimum capital requirement	3,257	3,187	70
Ratio of own funds to SCR	968%	1638%	(670%)
Ratio of own funds to MCR	189%	301%	(112%)

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

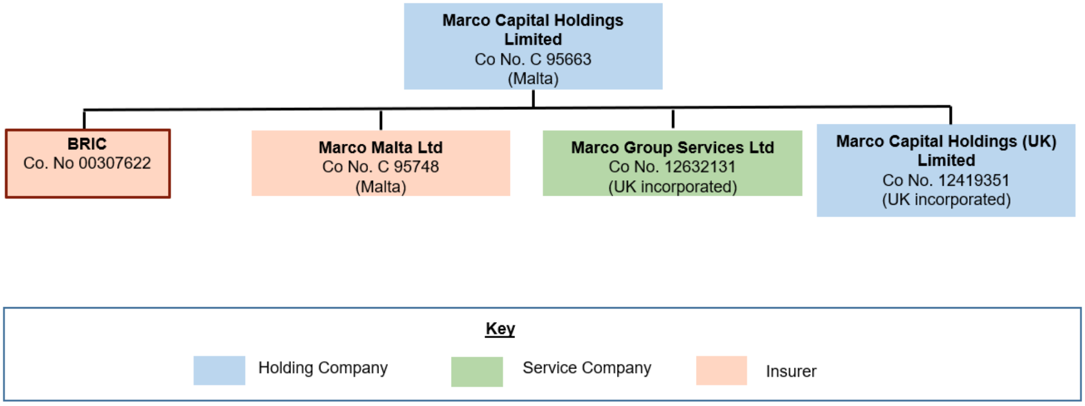
British Reserve Insurance Company Limited ("the Company") is a private limited company incorporated in the UK under company no 00307622.

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:	Financial Conduct Authority:
20 Moorgate	12 Endeavour Square
London EC2R 6DA	London, E20 1JN
United Kingdom	United Kingdom
Tel: +44 (0)20 3461 7000	Tel: +44 (0)20 7066 1000
PRA.FirmEnquiries@bankofengland.co.uk	firm.queries@fca.org.uk

The ultimate controlling party is Oaktree Capital Group, LLC.

The structure chart below shows the position of the Company within the Group:



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.

A.2 Underwriting Performance

The Company incurred a pre-tax loss for the year of £195k (2019: profit £102k). The loss for the year was largely driven by administrative expenses of £264k (2019: £40k) and foreign exchange losses of £19k (2019: £14k loss) exceeding investment income of £87k (2019: £109k) with negligible income from claims run-off (2019: £58k net favourable development). Administrative expenses have increased due to the commencement of assessment of acquisition opportunities, including solvency capital and accounting analysis.

The Company ceased to underwrite other specialist insurance in 2009 and musical instrument insurance in 2015 and is currently in run-off. There are a number of ongoing legacy asbestosis, pollution and disease exposures. This business is 87% reinsured by a highly rated reinsurance counterparty.

A.3 Investment Performance

The Company holds all its investable assets in cash and cash equivalents plus other highly liquid financial assets. In 2020, the Company earned interest income of £87k (2019: £109k) from investment activities.

A.4 Performance of Other Activities

In 2020, there are no material other activities generating income or expenses.

A.5 Any Other Information

On 11 March 2020, the World Health Organisation confirmed the outbreak of COVID-19 as a global pandemic and the PRA issued a statement on 23 March 2020 confirming that COVID-19 should be treated as a “major development” as per Article 54 (1) of the Solvency II Directive.

As of the date of this report, there remains significant uncertainty as to the ultimate impact of COVID-19. However, the Company does not have underwriting exposures to COVID-19 with all its policies expiring well in advance of the inception of the pandemic. Further, the Company holds all of its investable assets in cash and cash equivalents with highly rated counterparties so that it is only exposed to credit risk of those banking institutions.

The Company continues to operate successfully with all staff supporting the Company working remotely, and business continuity processes operating as expected. It is not anticipated that this will be a problem for the Company in the future in terms of running off its existing business or in acquiring new opportunities.

B. System of Governance

B.1 General Information on System of Governance

The Board and its Committees

As at December 31, 2020, the Board comprised six directors. The Board is responsible for deciding strategy and for ultimate oversight of the conduct and performance of the Company. It is also responsible for external reporting.

The members of the Board of the Company are:

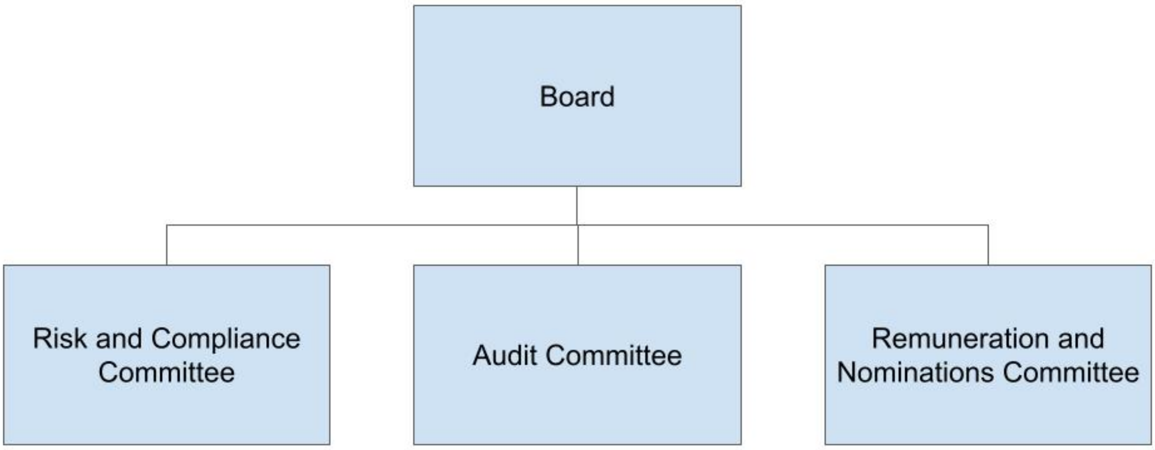
Executive

A Barlow	(appointed 31 December 2020)
S Minshall	(appointed 31 December 2020)
P A Rooke	(appointed 31 December 2020)
J M Dye	(resigned 31 December 2020)
F K Dyson	(resigned 31 December 2020)
S C McGinn	(resigned 31 December 2020)

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 is supported in its duties by the following Board Committees:



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 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 holder is accountable for the responsibilities of the function listed above. They will update the Board on an annual 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.

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 consultation.

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 existing portfolio is in run-off. However, 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 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 they are able to continuously comply 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 significant event. 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 internal control system includes financial reporting controls, operationally independent key functions and support provided by external firms as required.

Compliance Function

Compliance is a second line key function within the Internal Control System of the Group.

The function's primary responsibilities and activities are:

- To support and monitor 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 the provision of relevant and timely management information. The activities and processes of the compliance function are not exclusively performed by the Compliance department but may be delegated to, or supported by, other departments, 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 fulfilled by KPMG. The internal audit function holder has the ability to request internal audit to conduct a review where they deem necessary, outside of the internal audit plan. KPMG reports its findings to the Board who determine what actions are to be taken as a result of those findings and shall ensure any actions are completed.

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 holder will report on the technical provisions and regulatory capital requirements to the Board on an annual basis. The actuarial function holder has the ability to call for an ad hoc Board meeting where they deem necessary.

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 firm cannot delegate any aspect of its regulatory responsibilities to outsourcers and remains ultimately responsible.

The Company's Board may delegate responsibility to individuals and committees to perform oversight of outsourced activities but retains ultimate responsibility for the management of outsourcing risk.

Categorisation of outsourcing arrangements

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

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

- Accounting
- Tax
- Company Secretarial

B.9 Any other Information

The Company continuously monitors the effectiveness of its system of governance, including the effectiveness of specific functions, and believes 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 2020.

The Company has insured only non-life insurance 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 Insurance Risk

Insurance risk consists solely of reserve risk for the Company.

Due to the risk management practices in place, there are no concentrations regarding insurance 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 main technique for mitigating reserve risk is the reinsurance of the majority of the claims liabilities to a highly rated reinsurance counterparty. 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 insurance risk is relatively low. Net reserves are valued at a best estimate of £1.9m on a Solvency II valuation basis and an additional risk margin is held of £150k 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 most significant uncertainty relates to the fire and accident portfolio, owing to the reliance placed on prior management's 2019 year end estimate.

C.2 Market risk

Management

The Company manages market risk in a conservative manner. Whilst it seeks to maximise returns it does so in accordance with its risk appetite and in a manner which does not pose undue risk to either its underwriting activities or shareholder's funds.

i) Interest rate risk

The Company currently holds all investable assets in cash. The Company intends to invest in gilts/investment grade bonds as the Company grows which will give rise to interest rate risk. In an effort to mitigate this risk 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.

ii) Currency risk

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.

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 highly rated institutions

For reinsurance related credit risk, the majority of the reserves are reinsured with highly rated and regulated reinsurance companies. There is a relatively high concentration within credit risk as there is only one counterparty providing reinsurance to the Company at present but this is within appetite for the Company given the relatively small overall exposure.

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 2020 amounted to £6.8m (2019: £10.1m). All of the financial assets and 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 operations of the Company have changed over the period as the Company was brought under a new Group and this has elevated the operational risk of the Company through this transition. This has been managed through close attention being paid to the RCSA.

In addition, the change in control of the Company has elevated the Company's exposure to regulatory risk as the undertakings of the Company are operating for the first time under the current management structure. This is being managed through close and open correspondence with the regulators and through particular scrutiny being paid by the compliance function to the operations of the business.

During 2020, 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's ability to service its policyholders or 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. These are kept under close scrutiny by the risk function and are reported on regularly 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, 2020, and the key valuation and reclassification differences between that and the balance sheet used for solvency purposes.

(£000s)	FRS	Reclassifications	Valuation differences	Solvency II
	(a)	(b)	(c)	(d)=(a+b+c)
Assets				
Reinsurance recoverables	1,812	-	(56)	1,756
Insurance and intermediaries receivables	27	(27)	-	-
Receivables (Trade, not insurance)	50	-	-	50
Cash and cash equivalents	6,765	-	-	6,765
Total Assets	**8,654**	**(27)**	**(56)**	**8,571**
Liabilities				
Technical provisions				
Best Estimate	2,036	(27)	(58)	1,951
Risk margin	-	-	151	151
Reinsurance Creditors	9	-	-	9
Deferred tax liabilities	39	-	(28)	11
Payables (Trade, not insurance)	184	-	-	184
Other liabilities	102	-	-	102
Total Liabilities	**2,370**	**(27)**	**65**	**2,408**
Excess of Assets over Liabilities	**6,284**	**-**	**(121)**	**6,163**

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	1,979	-	223	-	150	373
Total	**1,979**	**-**	**223**	**-**	**150**	**373**

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.

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.

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	(56)	19%	11	(45)
Best Estimate	58	19%	(11)	47
Risk Margin	(151)	19%	28	(123)
Total	**(149)**	**19%**	**28**	**(121)**

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.

	2020 (£'000)	**2019** (£'000)
Tier 1		
Ordinary shares	5,000	5,000
Reconciliation reserve	1,163	4,587
Total Tier 1	**6,163**	**9,587**
Total eligible own funds to meet the SCR	**6,163**	**9,587**
SCR (see below)	637	585
SCR coverage ratio	**967%**	**1638%**
Total eligible own funds to meet the MCR	**6,163**	**9,587**
MCR (see below)	3,257	3,187
MCR coverage ratio	**189%**	**301%**

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.

Tier 1 capital has been impacted by the payment of a dividend of £3.2m to the Company's previous parent company prior to the acquisition of the Company by MCHL.

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, 2020, amounts to £637k, and the MCR amounts to £3,257k (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	2020 (£,000)	2019 (£000s)	Movement (£000s)
Market risk	96	95	1
Interest rate risk	3	4	(1)
Currency risk	95	94	1
Diversification benefit	(2)	(3)	(2)
Counterparty risk	469	452	17
Premium and reserve risk	128	132	(4)
Lapse risk	0	16	(16)
Operational risk	59	78	(19)
Sum of standalone risks	752	773	(21)
Diversification benefit	(115)	(130)	15
SCR before deferred tax	637	643	(6)
Deferred tax	-	(57)	(57)
SCR	637	585	52

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 £52k over the reporting period. There has been an increase in the counterparty default risk charge relating to cash & cash equivalents plus other highly liquid financial assets and other receivables despite the £3.2m dividend payment. This is partly driven by the fact that cash is now all held at the Company's banking counterparties which are rated lower than the cash pool investment available under previous ownership. In addition, no allowance is now taken for the loss absorbing capacity of deferred tax.

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.

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, 2021

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	
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:	1,756
R0280	*Non-life and health similar to non-life*	1,756
R0290	*Non-life excluding health*	1,756
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	
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	50
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	6,765
R0420	Any other assets, not elsewhere shown	
R0500	**Total assets**	8,571

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	2,102
R0520	*Technical provisions - non-life (excluding health)*	2,102
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	1,951
R0550	*Risk margin*	151
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	10
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	9
R0840	Payables (trade, not insurance)	184
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	103
R0900	**Total liabilities**	2,408
R1000	**Excess of assets over liabilities**	6,163

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																	0
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share																	0
R0200	Net															0		0
	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																	0
R0330	Gross - Non-proportional reinsurance accepted															680		680
R0340	Reinsurers' share															679		679
R0400	Net															1		1
	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**															264		264
R1200	**Other expenses**																	
R1300	**Total expenses**																	264

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							0
R0130	Gross - Non-proportional reinsurance accepted							0
R0140	Reinsurers' share							0
R0200	Net	0						0
	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							0
R0330	Gross - Non-proportional reinsurance accepted	680						680
R0340	Reinsurers' share	679						679
R0400	Net	1						1
	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**	264						264
R1200	**Other expenses**							
R1300	**Total expenses**							264

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
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
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
	Claims provisions																	
R0160	Gross															1,951		1,951
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default															1,756		1,756
R0250	**Net Best Estimate of Claims Provisions**															195		195
R0260	**Total best estimate - gross**															1,951		1,951
R0270	**Total best estimate - net**															195		195
R0280	**Risk margin**															151		151
	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**															2,102		2,102
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**															1,756		1,756
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**															346		346

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											107	107	107
R0160	2011	1,447	0	0	0	0	0	2	0	0	0		0	1,449
R0170	2012	1,436	0	0	0	0	1	1	0	0			0	1,437
R0180	2013	1,789	0	0	14	4	2	0	0				0	1,809
R0190	2014	1,472	0	32	15	0	0	0					0	1,519
R0200	2015	645	41	0	4	0	0						0	690
R0210	2016	2	0	0	0	0							0	2
R0220	2017	0	0	0	0								0	0
R0230	2018	0	0	0									0	0
R0240	2019	0	0										0	0
R0250	2020	0											0	0
R0260												**Total**	107	7,014

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											2,036	1,951
R0160	2011	0	0	0	0	4	0	0	0	0	0		0
R0170	2012	0	0	0	3	0	0	0	0	0			0
R0180	2013	0	0	8	0	0	0	0	0				0
R0190	2014	0	0	2	0	0	0	0					0
R0200	2015	210	4	5	0	0	0						0
R0210	2016	0	0	0	0	0							0
R0220	2017	0	0	0	0								0
R0230	2018	0	0	0									0
R0240	2019	0	0										0
R0250	2020	0											0
R0260												**Total**	1,951

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 3
		C0010	C0020	C0030	C0040	C0050
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	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	1,163	1,163			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	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**	6,163	6,163	0	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	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	6,163	6,163	0	0	0
R0510	Total available own funds to meet the MCR	6,163	6,163	0	0	
R0540	Total eligible own funds to meet the SCR	6,163	6,163	0	0	0
R0550	Total eligible own funds to meet the MCR	6,163	6,163	0	0	
R0580	**SCR**	637				
R0600	**MCR**	3,257				
R0620	**Ratio of Eligible own funds to SCR**	967.97%				
R0640	**Ratio of Eligible own funds to MCR**	189.23%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	6,163
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**	1,163
	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	96		
R0020	Counterparty default risk	469		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	128		
R0060	Diversification	-115		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	578		

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	59
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**	637
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	637
	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	Not applicable

	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	36

		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	0	
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	195	
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	0	
R0220	Obligations with profit participation - future discretionary benefits	0	
R0230	Index-linked and unit-linked insurance obligations	0	
R0240	Other life (re)insurance and health (re)insurance obligations	0	
R0250	Total capital at risk for all life (re)insurance obligations		

	Overall MCR calculation	C0070
R0300	Linear MCR	36
R0310	SCR	637
R0320	MCR cap	287
R0330	MCR floor	159
R0340	Combined MCR	159
R0350	Absolute floor of the MCR	3,257
R0400	**Minimum Capital Requirement**	3,257