Tradex Insurance Holdings Limited

Single Group Solvency and Financial Condition Report

For the year ended
31 December 2020

Approved by the Board of Directors

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SUMMARY

Tradex Insurance Holdings Limited ('TIH') and its subsidiary undertaking is an insurance Group ('the Group') with the only active entity in the Group being Tradex Insurance Company Limited ('the Company'), an insurer licensed in the United Kingdom.

This is a single Group Solvency and Financial Condition Report (SFCR) which incorporates consolidated information at the level of the Group, and solo information for the Company.

The purpose of this report is to satisfy the public disclosure requirements under the PRA rules and the Solvency II Regulations. The elements of the disclosure relate to business performance, governance, risk profile, solvency and capital management. This SFCR was produced on 13 May 2021.

The Company is classified as a "small insurer" for SFCR external audit purposes as defined in PRA Policy Statement PS25/18. Its score based on the results for the year-ended 31 December 2020 was below the limit for audit, set by the PRA. As a result, the Company Board made the decision not to request an external audit of its SFCR for the year-ended 31 December 2020.

REVIEW OF THE BUSINESS AND PERFORMANCE

The Group's underwriting performance follows that of the Company, the only insurance entity in the Group.

2020 was dominated by the Covid-19 pandemic which was felt in every sector and the Company was affected, as were many others. The initial impact of lockdown during March and into April 2020 reduced the level of new business and many policy holders decided, with the active assistance of the Company, to reduce their cover and thereby obtain a partial refund or add other uses to their policy.

The Company's flexible IT systems allowed staff to work remotely immediately, and the Company was able to continue writing satisfactory levels of new business throughout the lockdowns and subsequently.

The reduced levels of congestion and traffic on the roads led to an initial drop in frequency of claims although this was very much back to pre-lockdown levels in most classes by the end of the year. Claims ratios on recent underwriting years have shown a general trend of improvement and the reduced claims frequency during lockdowns will mean a further continuance of that trend. As a result, the balance on the technical account has shown a further improvement in 2020.

The Company reviews its underwriting portfolio on a regular basis and has continued the trend noted in previous reports of increasing its proportion of Motor Trade business written whilst reducing the amount of Black Cab and Taxi ("BC&T") business (including taxi fleets). This trend has continued strongly during the last year. There was greater demand in 2020 for the Company's Courier and Commercial Vehicle products and this helped to further offset the loss of business from BC&T. The Company set a demanding target for growth in premium at the beginning of 2020 and it is pleasing to note that this target was met on overall business with a significant growth in Gross Written Premium despite the pandemic impact.

GOVERNANCE

The Group relies on the Company's system of governance to fulfil its regulatory and other obligations.

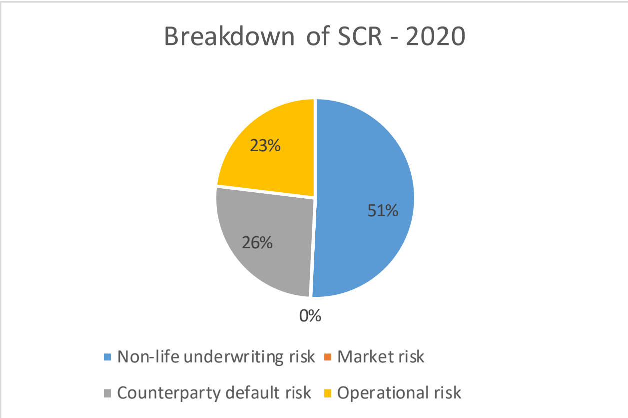
The governance structure of the Company has not changed materially in the year to 31 December 2020 and up to the date of this report.

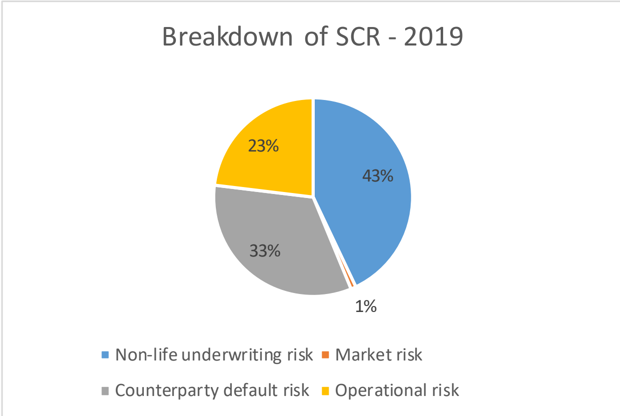
The Company has continued to follow a "three lines of defence" approach to the control of risk. Further details are provided in section B.3 below.

RISK PROFILE

The Group's risk profile is the same as that of the Company.

The charts below provide a breakdown of the SCR post-diversification between modules as of 31 December 2020 and 31 December 2019.





In Q1 2018, the Company finalised a fully collateralised Loss Portfolio Transfer Agreement (LPTA) by which it transferred the risk of deterioration in respect of 2017 and prior underwriting years to a reinsurer in exchange for the payment of a premium. The implementation of the LPTA mitigates the impact on capital from potential prior year reserve deterioration for underwriting years 2017 and prior.

Underwriting risk now accounts for circa 51% of the capital requirements and has increased from 2019 as the net premiums have increased year on year. In addition, there is one more year that does not benefit from the LPTA.

The Company continues to make use of extensive reinsurance arrangements provided by highly rated reinsurers.

VALUATION FOR SOLVENCY PURPOSES

There has been no change during the period under review to the valuation bases used in the valuation of assets and liabilities on a Solvency II basis for the Group and the Company, other than for deferred taxation where the impact of the capital tiering restrictions has been estimated in arriving at the Solvency II valuation - in 2019 and prior, such adjustments were made under capital tiering rules.

The starting point for valuation of assets and liabilities on a Solvency II basis for the Group and the Company is the UK GAAP values used in the preparation of its financial statements. Specific adjustments are made to the UK GAAP values where the Solvency II requirements differ from UK GAAP which follows the guidance issued by the Company's regulator, the Prudential Regulation Authority (PRA).

CAPITAL MANAGEMENT

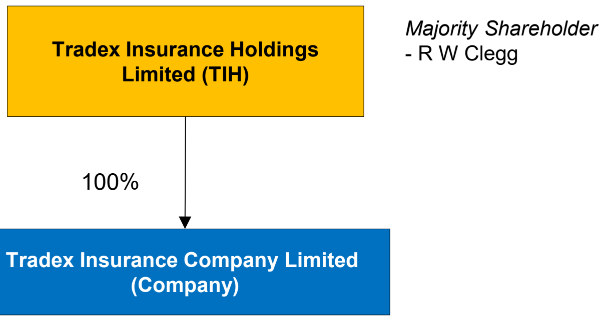
During the year the Company issued a further tranche of Ordinary Shares for £1m in cash. This together with improved profitability resulted in an increase in available capital resources on a Solvency II basis.

A) BUSINESS AND PERFORMANCE

A.1. BACKGROUND AND STRUCTURE

The principal activity of the Group is that of underwriting UK motor insurance. The Company, a subsidiary of TIH, underwrites substantial motor trade and taxi accounts, along with other mainly commercial motor lines of business. It also underwrites small liability and property accounts linked to the motor lines of business.

The structure of the Group at 31 December 2020 is shown below:



Group undertakings	Country of Registration	Principal Activity	Percentage held 2019	Percentage held 2018
Tradex Insurance Company	UK	Motor Insurance	100%	100%

TIH is a non-regulated holding company domiciled in the United Kingdom. The only activity within TIH is in relation to managing its investment in the Company.

Tradex Insurance Company Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

This report covers the Group, identifying aspects relating to the Company and TIH separately, as appropriate.

The Group's Business Address and registered office is

7 Eastern Road
Romford
London RM1 3NH

A.1.1. REGULATOR

The Group supervisors can be contacted as follows:

Prudential Regulatory Authority
Bank of England
20 Moorgate
London EC2R 8AH
Tel: 0207 601 4878

The Financial Conduct Authority
12 Endeavour Square
London E20 1JN

A.1.2. AUDITORS

The financial statements are audited by PKF Littlejohn LLP. The contact details are:

PKF Littlejohn LLP
15 Westferry Circus
Canary Wharf
London E14 4HD
Tel: 020 7516 2200

PKF Littlejohn resigned on 10 May 2021 in accordance with the Statutory Audit Regulation and Directive which requires audits of public-interest entities to be rotated after certain time limits. There are no matters they wished to highlight. BDO LLP have been proposed for appointment in their place and they have indicated their willingness to accept.

A.1.3. SHAREHOLDERS

The major shareholdings in TIH ordinary shares as at 31 December 2020 are summarised below:

Shareholder	% held
• Royston W Clegg	69.5%
• Clegg Gifford &Co ltd	18.2%
• Shirley A Bellamy	7.1%
• Tradex Executive Pension Fund*	3.3%

* The beneficiaries of the Tradex Executive Pension Fund are Royston W Clegg and Shirley A Bellamy.

A.2. UNDERWRITING PERFORMANCE

The Group's underwriting performance follows that of the Company, the only insurance entity in the Group. The underwriting performance information given in this section is on the basis of UK GAAP (FRS 102 and 103).

All of the business risks and returns are within one business segment (i.e., general insurance business). The operations are materially within the United Kingdom. The split by line of business classes is disclosed below:

	31-Dec-20 Gross Premium Written £000	31-Dec-20 Net Underwriting Result £000	31-Dec-19 Gross Premium Written £000	31-Dec-19 Net Underwriting Result £000
Motor	70,445	2,309	55,984	524
Liability	745	485	740	290
Premises	996	440	952	510
	72,186	3,234	57,676	1,324

A.3. INVESTMENT PERFORMANCE

TIH has no investments.

The Company's investments at each year end and related income are as follows:

	2020 Actual Value £000	2020 Actual Income £000	2019 Actual Value £000	2019 Actual Income £000
Loans	4,875	342	7,826	410
Cash & Deposits	13,816	7	4,894	26
	18,691	349	12,720	436

Investment management expenses amounted to £nil for the year ended 31 December 2020 (2019- £nil).

A.4. OTHER ACTIVITIES

There have been no other significant activities undertaken by the Group or the Company other than its insurance and related activities.

A.5. ANY OTHER INFORMATION

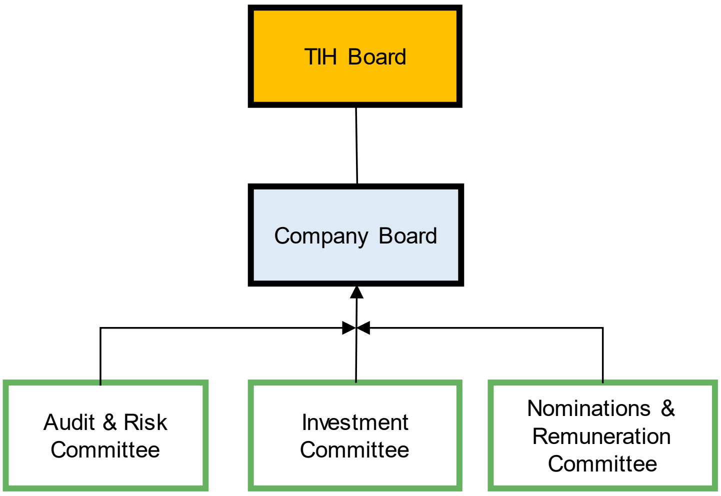
Brexit

Previously, the Board considered the impact of Brexit on the Company and concluded that there was minimal risk since it trades entirely in the UK and Channel Islands. Its European reinsurance partners are either authorised in the UK or are covered by the government's Temporary Permission Regime which allows them to passport into the UK for 3 years after exit. The Board does not consider that this position has changed following the UK's exit from the European Union.

B) SYSTEM OF GOVERNANCE

B.1. GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

Overview of the Board and sub-committees



In addition, the following committees form part of the Company's system of governance:

- Executive Committee
- Underwriting Committee

The TIH Board's main activity is to monitor its investment in the Company. It has no staff. The Group relies on the Company's system of governance to fulfil its regulatory obligations.

The Company Board remains responsible for the performance and strategy of the Company. The Board selectively delegates authority and certain functions to committees, but still retains overall responsibility for the Company.

It is the responsibility of the Boards of the Company and TIH to:

- Ensure that the Company / Group as appropriate operates within an established framework of effective governance, internal controls, risk management and compliance;
- Ensure that the solvency capital requirements and minimum capital requirements are maintained at all times;

In addition, the Company's Board has responsibility to

- Determine the Company strategy and approve the business plan;
- Assist approved persons to discharge their responsibilities in respect of the area of business for which they are responsible.

The Company Board and its Committees are comprised of a combination of executive and non- executive directors and meet regularly, depending on the responsibilities of each committee. Terms of Reference describe the purpose, responsibilities, membership and authority delegated from the Board for each Committee. Relevant attendees are invited to Committees as determined by the Chair of committee, for example the Chief Executive Officer, Chief Financial Officer, Underwriting Director, Chief Information Officer, representatives of Internal Audit and External Audit, Chief Actuary, Risk Officer and Head of Compliance. The Risk Officer and the Chief Information Officer attend each Board meeting and the Risk Officer, Chief Information Officer and Head of Compliance attend the Executive Committee meetings.

AUDIT & RISK COMMITTEE

The Audit & Risk Committee is responsible for assisting the Board in fulfilling its oversight responsibilities: -

- For the integrity of the Company's financial statements and the effectiveness of the systems of internal controls and monitoring the effectiveness, performance and objectivity of the internal and external auditors.
- To oversee the management of risks including the Company's risk appetite, measurement of adherence to the agreed risk appetite and its relation to anticipated capital levels. The committee also oversees the risk governance framework, risk strategy, risk policies, implementation and management: and monitoring of the operational risk of the business.

The Audit & Risk Committee membership consists of two independent Non-Executive Directors and the CEO and is chaired by one of the Non-Executive Directors. The Committee meets at least four times a year with the mandate to convene additional meetings as circumstances require. The minutes of the Audit & Risk Committee meetings are available to the Board and the Chair of the Committee will report at each Board meeting on the activities of the Committee.

The Audit & Risk Committee carries out the duties below on behalf of the Company Board:

Financial Reporting

The Audit & Risk Committee monitors the integrity of the financial statements of the Company, reviewing significant financial reporting issues and judgments, including on reserving and approving any changes to accounting policies.

Actuarial

The Audit & Risk Committee is responsible for reviewing and making recommendations to the Board regarding reserving to ensure:

- reserves are set at an appropriate level such that liabilities can be met as they fall due
- reserves have been established using appropriate actuarial techniques and that they comply with accepted actuarial standards

The Audit & Risk Committee considers and recommends to the Board the appointment, re-appointment and removal of the Independent Chief Actuary of the Company and the Group.

Internal Controls

The Audit & Risk Committee keeps under review the effectiveness of the Company's internal controls and is responsible for understanding the scope of internal and external auditors' review of internal control over financial reporting, and obtaining reports on significant findings and recommendations, together with management's responses.

Internal Audit

The Audit & Risk Committee monitors and reviews the effectiveness of the Company's internal audit function in the context of the Company's overall risk management system. The Internal audit function is outsourced to Mazars LLP. The Audit & Risk Committee is responsible for recommending to the Board the appointment of the outsourced Internal Audit provider. The Audit & Risk Committee is further responsible for reviewing and assessing the annual plan of internal audit activities for the Company, reviewing all internal audit reports and monitoring management's responsiveness to the findings and recommendations from Internal Audit.

External Audit

The Audit & Risk Committee considers and recommends to the Board the appointment, re-appointment and removal of the external auditors of the Company and the Group and oversees the relationship with the external auditors. This includes approval of their remuneration, terms of engagement, assessing their independence and objectivity and ensuring co-ordination with the Internal Audit function. The Audit & Risk Committee further reviews the findings of the audit with the external auditors, including discussing any major issues which arise during the audit, any accounting and audit judgements and the effectiveness of the audit.

Risk Management

The Audit & Risk Committee carry out the following in relation to risk

- Review and recommend to the Board the Company's attitude towards risk;
- Ensure that risk is managed in accordance with the Board's expectations and regulatory requirements applicable;
- Maintain oversight of the Company's risk processes and procedures; monitor their effectiveness and adequacy; ensure the function is adequately resourced; and that it has appropriate standing within the Company;
- Review and assess the current top risks run by the Company and the way in which these risks are being managed and/or mitigated;
- Recommend to the Board, risk policies from time to time and any changes thereto.

Compliance

The Audit & Risk Committee reviews the effectiveness of the system for monitoring compliance with laws and regulations, the findings of any examinations by regulatory agencies and any auditor and the process for communicating the code of conduct/business principles to the Company's personnel as well as monitoring compliance.

Whistleblowing

The Audit & Risk Committee oversees the Company's arrangements for individuals to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Audit & Risk Committee ensures that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action. The Chairman of the Audit & Risk Committee is also the Company's Whistle-blower Champion.

EXECUTIVE COMMITTEE

The Executive Committee monitors the day-to-day running of the business, implementation of the business plan, and any other matters that the Board may delegate from time to time, making decisions within the authority delegated by the Board and ensuring that appropriate information is escalated to the Board to allow them to oversee the achievement of these objectives.

The Executive Committee membership consists of the Executive Directors. The Executive Committee will normally meet once every two months but can meet more frequently if required to conduct urgent business. Each area of the business is represented by an executive on the committee and feedback on the activities of each department is provided at the meeting.

The main responsibilities of the Executive Committee are to:

- Implement and monitor the business plan;
- Review business plans and recommend changes for approval by the Board;
- Structure the operations to maximise efficiency;
- Ensure that effective systems of controls are established and maintained which facilitate identification and effective management of all significant risks facing the business;
- Decide upon priorities for allocating capital and operating resources within the current business plan;

- Ensure the functional areas provide accurate and timely management information to enable the business to be effectively managed;
- Pass relevant and specific information to the Board, including any recommendations by the Executive Committee that require approval by the Board;
- Review financial and operational performance of the business and authorise appropriate actions;

UNDERWRITING COMMITTEE

The Underwriting Committee assists the Board in the following areas:

- Pricing
- To review and approve the underwriting risk selection framework
- To monitor and recommend strategic changes to relationships with intermediaries
- To monitor market developments
- To monitor the quality and timeliness of data submitted to the Motor Insurance Database and the Employers' Liability Tracing Office

The Underwriting Committee membership consists of Executive Directors and is chaired by the Underwriting Director. The Company Pricing Actuary, Company Underwriters and representatives of the Delegated Authority, Clegg Gifford, are normally in attendance. The Committee meets not less than six times each year but can meet more frequently if required to conduct urgent business.

INVESTMENT COMMITTEE

The purpose of the Investment Committee is to ensure that the assets of the Company are invested optimally within the risk appetite determined by the Board. Investment management is outsourced to professional investment managers. Currently there is no intention to alter the Company's asset allocation.

The Investment Committee membership consists of both Executive and Non-Executive Directors and is chaired by a Non-Executive Director. The Investment Committee meets at least annually and more frequently if required.

NOMINATIONS & REMUNERATION COMMITTEE

The Committee regularly reviews the structure, size and composition of the Board, in particular the range and balance of skills, diversity, knowledge and background on the Board, and considers succession planning for Directors. The Committee is responsible for identifying and nominating, for the approval of the Board, candidates to fill Board and Executive Management vacancies as and when they arise.

The Committee is also responsible for reviewing and making recommendations to the Board regarding the Remuneration Policy of the Company, and for reviewing compliance with the policy. Within the context of the policy, the Remuneration Committee is specifically responsible for making recommendations for the remuneration packages of the Executive Directors and other senior managers of the Company.

The Committee is further responsible for monitoring the level and structure of remuneration of the wider employees of the Company. The Nominations & Remuneration Committee membership consists of Non-Executive Directors.

B.1.1. CHANGES TO GOVERNANCE ARRANGEMENTS

The governance structure of the Company has not changed materially in the year to 31 December 2020 and up to the date of this report.

The composition of the Company Board at 30 April 2021 is shown below:

Position	Director
Non-Executive Chairman	Garry Fearn
Non-Executive Director	Roy Sampson
Chief Executive Officer	Nick Taylor
Chief Financial Officer	Steve Braine
Underwriting Director	Debbie Austin

B.1.2. REMUNERATION ARRANGEMENTS

TIH, the ultimate parent company, does not have any staff and as such no remuneration is paid to any individuals.

The remuneration arrangements for the Company are structured in such a way that they do not encourage excessive risk taking by senior individuals (persons who effectively run the Company). Where remuneration arrangements include both variable and fixed elements for senior staff, the variable component is relatively small such that the relevant individuals are not overly dependent on the variable component. Any variable remuneration, including bonuses, is to be paid only if it is sustainable according to the financial situation of the Company as a whole and is justified based on the performance of the individual or business unit concerned.

The Company does not operate a share option scheme for its employees.

The Company's remuneration policy does not include any supplementary pension or early retirement schemes for members of the Board or other key function holders. The Company offers all staff the choice of making contributions into a defined contribution pension scheme, which the Company will match up to a limit. The pension funds are held separately from the Company.

B.1.3. MATERIAL RELATED PARTY TRANSACTIONS

The Company has entered into various transactions with entities which are subject to common control from the same source. These include Clegg Gifford & Co Limited and RWC Investments Limited in which the majority shareholder has an interest. All transactions are conducted within the normal course of business.

The material related party transactions were:

i. During 2016 the Company sold the rights to its Wholesale business to Clegg Gifford & Co Limited, a company controlled by R W Clegg, a Shareholder of TIH, for a consideration of £7,500k. The balance outstanding at the year-end was £4,000k (2019: £5,000k), is unsecured, and is repayable over 5 years from 2018. The outstanding amount bears interest at a rate equivalent to a commercial borrowing from a bank.

ii. On 23rd December 2016 the Company received a £5,000k subordinated loan from Clegg Gifford & Co Ltd which was outstanding at the year-end (2019: £5,000k). The loan bears an interest rate of 10% per annum for the year. Interest of £500k (2019 -£500k) was charged during the year.

iii. The Company occupies leasehold premises which are owned by Clegg Gifford & Co Limited. Rentals amounting to £49k (2019: £49k) have been charged during the year.

iv. In prior years the Company granted a loan to RWC Investments Limited, a company owned by R W Clegg. At the year end the balance of the loan, inclusive of outstanding interest was £2,927k (2019- £2,877k). The loan is secured by a personal guarantee from R W Clegg, bears interest at 2% points above Bank of England Base Rate and the interest charge for the year amounted to £50k (2019 - £62k).

v. Clegg Gifford & Co Limited placed motor insurance premiums with the Company amounting to a gross written premium of £71,087k (2019 - £57,667k) on which Clegg Gifford & Co Limited earned brokerage of £14,217k (2019 - £12,159k). At the year-end amounts due were £16,365k (2019 - £16,409k).

vi. During the year the Company incurred net expenses of £423k from Clegg Gifford & Co Limited (2019 - £111k) and earned £964k (2019 - £479k) from premium finance facilities. The amount owed at the year-end was £2,636k (2019 - £1,298k).

B.2. FIT AND PROPER REQUIREMENTS

The Company ensures that all persons (Senior Managers) who run the Company or have other key functions are fit to provide sound and prudent management through their professional qualifications, knowledge and experience and are proper by being of good repute and integrity.

Senior Management collectively possess professional qualifications, experience and knowledge about at least:

- Insurance and financial markets;
- Business strategy and business model;
- System of governance;
- Financial and actuarial analysis;
- Risk management; and
- Regulatory framework and requirements.

The Company's Fit and Proper Policy was updated during the period for the Senior Managers & Certification Regime. The policy identifies how fitness and propriety of senior managers will be assessed for both new starters and on an on-going basis and the governance arrangements in relation to individuals being approved as being fit and proper. This include the Company's requirements concerning skills, knowledge and expertise applicable to persons who effectively run the business.

The Company's assessments of individuals' fitness and propriety reflects the regulatory fit and proper requirements, namely:

- Financial soundness
- Honesty, integrity and reputation
- Competence and capability

The Company's Fit and Proper Policy identifies the following procedures to assess fitness and propriety at appointment:

- References, from past employers;
- Qualification and professional registration checks;
- Right to work checks;
- Proof of identity checks;
- Disclosure & barring service checks
- Search of insolvency and bankruptcy register; Equifax and or Experian checks
- Search of disqualified directors register.

In addition to the Directors listed in the section above, the following officers are part of the regulatory Senior Manager Functions and are subject to the Company's Fit and Proper policy:

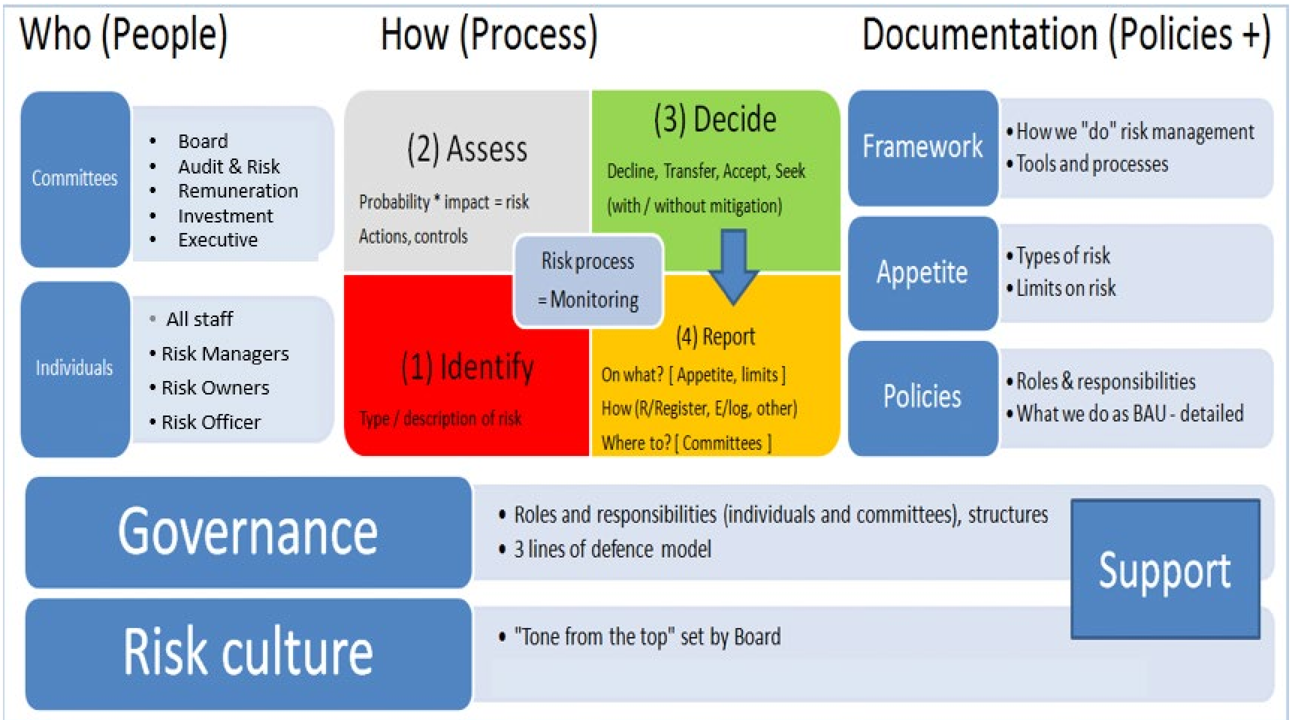
Position	Officer
Risk Officer	Bansi Shah
Chief Actuary	Outsourced to Sukie Harrar of Holborn Underwriting Limited
Head of Compliance	Leon Harrison
Chief Information Officer	Sarb Lota

B.3. RISK MANAGEMENT SYSTEM

The Group relies on the Company's Risk Management Framework as the Group has no other activity other than monitoring the investment in the Company. The Company's overall Risk Management Framework is illustrated below.

B.3.1 RISK MANAGEMENT ROLES AND RESPONSIBLITIES

The Risk Management Key Function Holder is responsible for the function and is supported by the Audit & Risk Committee on behalf of the Board. The key function holder and the Audit & Risk Committee reviews monitors, and updates as required, all the components of the Framework, engaging other members of the Board, key function or key role holders as necessary. However, the Board collectively are responsible for the implementation of the Framework components.



B.3.2. RISK MANAGEMENT PROCESS

The Company's risk management system is articulated in the Risk framework document and is supported by various documents including the risk appetite, risk policies and processes.

The Company has adopted a "three lines of defence approach" as follows:

- First line of defence (Business Management) - Business management makes up the first line of defence. Overall, the first line of defence is responsible for the day to day management of risk and control within the business operations as well as delivering the strategy and optimising business performance within an agreed governance and risk framework.
- Second line of defence (Oversight) - the risk management function and compliance function act as 2nd line providing independent oversight of the risk management activities of the first line of defence.
- Third line of defence (Assurance) - the internal audit function is outsourced to Mazars LLP. Internal Audit provide an independent challenge and feedback mechanism on the management of risk. The Internal Audit function report significant findings to the Audit & Risk Committee. In addition, relevant audit findings and progress reports against Internal Audit actions are provided to the Company's committees set out above, as appropriate.

All material risks are recorded in a risk register. The Risk Register is a central log of all key risks identified in the business. It includes the risk description, risk factors, risk owner, risk manager, mitigating controls, risk tolerances and any further measures where risks are assessed as materially breaching tolerance limits. The Risk Officer as the owner of the risk register reviews, challenges and maintains the content within the risk registers.

The process of risk management is a continuous and systematic one, comprising

Core elements	Description
Identification	Executive directors as the risk owners are responsible for the identification and the management of risks arising within their area of control. They are supported by risk managers within their area to assist in the management of these risks. New risks identified are discussed with and reviewed by the Risk Officer prior to inclusion within the risk register.
Assessment	Risks are assessed on a gross basis without any form of mitigation and then on a net basis with the addition of risk mitigation activities. There are various mitigation measures that are used to manage a risk that on a gross basis is outside risk appetite so that on a net basis it is within. These activities include policies, procedures, controls and strategic decision making.
Further mitigating actions	Where the net risks are assessed as being above acceptable tolerance limits, further actions are identified to reduce the net risk to an acceptable level over a period of time.
Reporting	The Risk Officer reviews the material risks to the business to ensure they are given appropriate consideration within the Committees through the reporting and challenge process. This includes a. Evaluating the top risks identified in the risk register, for consideration and challenge by the Board and the Audit & Risk Committee. b. Ensuring timely and appropriate reporting and escalation of all significant control and risks issues to the Audit & Risk Committee and, where required, the Board c. New or emerging risks for consideration by the Board and the Audit & Risk Committee A Risk Officer report is prepared and presented to the Audit & Risk Committee/Board covering the above areas on a regular basis, in line with the respective meeting schedules.

Core elements	Description
Monitoring	The Risk Officer meets the risk managers from the individual business areas on a regular basis to discuss developments within their area and consider the risk implications thereof as well as follow up on any identified risk work. The risk registers are updated accordingly. On a regular basis, at least annually the risk owners review and certify content of the risk register relevant to their area. The outcome of this is presented to and reviewed by the Audit & Risk Committee. The content of the risk register is subject to a detailed review by Executive committee members as a group on a quarterly basis. The detailed risk registers are presented to and reviewed by the Audit & Risk Committee annually.

B.3.3. RISK APPETITE, TOLERANCES AND LIMITS

The risk appetite document sets out the risk strategy and specifies the type and level of risks acceptable to the Company. This document is owned by the Board and reviewed on a regular basis as new risks emerge, or at least annually. The statement of risk appetite is translated into risk tolerances which are observed by the business. Those limits are approved by the Board.

Risk management reporting will highlight the top net risks where these are assessed as breaching or being close to breaching risk tolerances. The Board and Audit & Risk Committee will review and consider whether any further mitigation activities are required.

B.3.4 OWN RISK AND SOLVENCY ASSESSMENT

The Company is responsible for completing an Own Risk Solvency Assessment ('ORSA') for the Group, incorporating TIH and a solo ORSA on the Company. One supervisory report on both ORSAs is collated. The Company will liaise with the Group Board as necessary to ensure that the Group SCR is met and that risks to Group solvency are monitored and managed.

The ORSA is a process that links the Company's risk management framework to its business strategy and decision-making framework. The ORSA represents the Company and the Group's opinion and understanding of its risks, overall solvency needs, and own funds held. This assessment requires the Company and the Group to properly determine its overall solvency needs to cover both short and long-term risks.

The ORSA process brings together existing activities by the Company to effectively manage risk and capital. The ORSA report will link all these activities into one document. Broadly the steps followed are:

I. The Board carries out the initial assessment, encompassing:
   - Review of business objectives and draft business plan;
   - Identification of risks to meeting business objectives and plan;
   - Review of risk profile against risk tolerances and appetites;
   - Consideration of appropriate scenario/stress tests to be applied to each risk area;
   - Reverse stress tests

II. The business planning process begins, and the first draft business plan circulated

III. The ORSA is completed using the parameters set during step I

IV. The results are considered by the Board, along with the results of the capital calculations, to determine the required regulatory capital under the Solvency II rules. In drawing its conclusions, the Board considers whether it has sufficient capital to mitigate its risks, whether additional capital needs to be sourced, whether any capital buffer should be applied, or whether the business plan should be amended

V. If the business plan needs to be amended after consideration of capital, the cycle returns to step II. If not, the Board approves the ORSA and business plan

As part of the ORSA assessment the Board conducts additional stress and scenario testing, including reverse stress testing, to determine the adequacy of the capital under stressed conditions. Reverse stress tests consider risks and extreme scenarios that could render the business model as non-viable.

The ORSA process is conducted through the year to facilitate integration with decision making, culminating in the annual ORSA report which is owned and shaped by the Board. The Risk Officer coordinates the relevant processes with subject matter experts across the business and oversees the production of the ORSA report. The annual ORSA report is produced and submitted to the regulator (PRA).

B.4. INTERNAL CONTROL SYSTEM

The Company's internal control system is designed to provide reasonable assurance that its financial reporting is reliable and compliant with applicable laws and regulations and its operations are effectively controlled. The Board is ultimately responsible for overseeing and maintaining the adequacy and effectiveness of the risk management and internal control systems. In practice this involves the participation of the Board, the Audit & Risk Committee, the Nominations & Remuneration Committee, the Investment Committee identified above, Senior Management, Risk, Finance, Compliance and Internal Audit.

Primary responsibility for ensuring day-to-day oversight of the internal control system lies with the Company's relevant Senior Managers. The Company promotes the importance of appropriate internal controls by ensuring that all personnel are aware of their role in the internal control system as per the Governance Map; ensuring a consistent implementation of the internal control systems across the Company; and establishing monitoring and reporting mechanisms for decision making processes.

Further information is provided in the Risk Management System section above regarding a brief description of the internal control systems relating to the risk function. Please also refer to the Compliance section below for the description of how the compliance function is implemented.

B.4.1 COMPLIANCE FUNCTION

The Compliance function operates independently from the business. Whilst Compliance reports to the Chief Executive Officer, the Head of Compliance also has direct access to the Board and the Audit & Risk Committee, in order to assist with management of possible conflicts of interest.

The key responsibilities of the Company's Compliance function are to:

i) Support and monitor the business from a regulatory perspective ensuring the business complies with all key regulations. Proactively identify regulatory issues arising from internal/external sources and communicate implications to senior Management, including the Board
ii) Develop and maintain best practice policies in key areas of compliance and ensure they remain current. Implement procedures to deliver effective operational compliance
iii) Develop and implement an annual Compliance Monitoring Plan
iv) Oversee Customer Complaints to ensure development and maintenance of effective internal systems and controls, procedures and policies for this department
v) Communicate as required and where necessary with the regulatory bodies including FCA/PRA. Regularly review the publicly available regulatory records maintained by the FCA/PRA to ensure these remain current and appropriate

B.5. INTERNAL AUDIT FUNCTION

The internal audit function applies to the Company as it is the only trading company in the Group. The internal audit function is outsourced to Mazars LLP. Internal Audit independently examine and evaluate the functioning effectiveness and efficiency of the Company's internal control system and the system of governance.

The Audit & Risk Committee in conjunction with Internal Audit establish, implement and maintain an audit plan that sets out the audit work to be undertaken in the upcoming years. The internal audit plan is based on a methodical risk analysis and covers all significant activities over a three-year period. The plan takes a risk-based approach in deciding priorities.

The Audit & Risk Committee has oversight responsibility over the internal audit function and reviews and approves the annual internal audit plans, ensuring they are properly resourced and that they have appropriate standing within the Company; reviews all material internal audit findings and recommendations, and Management's response thereto; and reviews and assesses the appropriateness of the Company's internal controls and risk management system.

The Internal audit policy requires maintenance of independence and states that the outsourced internal audit, as a firm, may only provide consulting services within their sphere of expertise, provided that these do not conflict with the internal audit services being provided. The provision of any such non-internal audit services will be subject to approval by the Audit & Risk Committee.

The outsourced internal audit provider also manages its own conflicts of interest and will ensure, where appropriate, staff are rotated. Internal audit will ensure that no persons providing non-Internal audit services subsequently work on the internal audit engagement, managing potential conflicts of interest.

The Audit & Risk Committee will approve all decisions regarding the performance evaluation, appointment, or removal of the outsourced internal audit function.

B.6. ACTUARIAL FUNCTION

The actuarial function applies to the Company as it is the only insurance company in the Group.

The actuarial function continues to be outsourced to Holborn Underwriting Ltd (previously called Holborn Actuarial Ltd) with Sukie Harrar as the Chief Actuary (SMF 20).

The actuarial function is responsible for

a) Coordinating the calculation of the Technical Provisions
   - ensuring the appropriateness of the methodologies and the assumptions made in the calculation of technical provisions;
   - assessing the sufficiency and quality of the data used in the calculation of technical provisions;
   - comparing best estimates against experience;

b) Expressing an opinion on the overall underwriting policy. The opinion includes conclusions regarding the sufficiency of the premiums to be earned to cover future claims and expenses, amongst other matters.

c) Expressing an opinion on the adequacy of reinsurance arrangements. This includes analysis on the adequacy of the Company's risk profile and underwriting policy; reinsurance providers taking into account their credit standing and the expected cover under stress scenarios in relation to the underwriting policy.

d) Liaising with the Risk Officer and contributing to the effective implementation of the risk-management system, in particular providing expertise and carrying out the risk modelling underlying the calculation of the ORSA capital requirements, if required

The Chief Actuary maintains regular contact with the Chief Executive Officer, the Chief Financial Officer and regular liaison with the Audit & Risk Committee and provides an annual report to the Board on the activities of the actuarial function – Actuarial Function Holders Report. This is supplemented with a quarterly review of the Company's reserves and regular contact with the Audit & Risk Committee and Board on matters relating to the solvency capital requirement, reinsurance and profitability.

B.7. OUTSOURCING

The Company has chosen to outsource some of its operational functions and activities in order to take advantage of economies of scale and external expertise. During the period, the following key functions and key activities were outsourced:

- Internal audit function to Mazars LLP
- Actuarial function to Holborn Underwriting Limited (Previously called Holborn Actuarial Ltd)
- Investment management to two professional investment managers, EFG Private Bank Ltd and SG Kleinwort Hambros Bank (Channel Islands) Limited. Currently there are no investments under their management.
- Certain claims handling activities to Clegg Gifford & Co Limited and to Premia Services UK Ltd (previously Armour Risk Management Services Ltd).
- Delegated underwriting authority to Clegg Gifford & Co Limited.
- Provision of IT support activities to Wanstor Ltd including systems hosting and file storage.

All these providers are located within the United Kingdom, except for SG Kleinwort Hambros Bank (Channel Islands) Limited which is based in the Channel Islands.

The Company has adopted an Outsourcing Policy to establish a prudent risk management framework in relation to the management of the outsourcing arrangements and ensure compliance with the relevant regulatory requirements. The Policy covers the entire outsourcing lifecycle, from identifying the need for outsourcing through relationship management and oversight and provides processes to effectively manage the risk associated with outsourcing relationships.

B.8. ANY OTHER INFORMATION

There are no other matters to report.

C) RISK PROFILE

The Group's risk profile is the same as that of the Company as the Group has no other activity other than monitoring the investment in the Company.

The Company activities expose it to a variety of financial and non-financial risks. It manages the exposure to these risks and where possible introduces controls and procedures to mitigate the effects of the exposure to these risks.

This section summarises the principal risks and the way the Company manages them:

C.1. UNDERWRITING RISK

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

The main underwriting risks which affect the Company are: -
- Inadequate premium rates/Inappropriate risk selection
- Late large loss reporting or development
- Inadequate case estimates and IBNR provision

Inadequate Premium Rates/Inappropriate Risk Selection

The Company produces a 3 year forward looking business plan annually, which includes anticipated rating levels for each class of business that it writes. Performance against the plan is monitored on a regular basis through a system of underwriting and executive committees, as well as regular review by the Board. If market conditions change significantly after the plan is produced, a revised forecast is prepared and approved by the Board.

The Company writes a spread of business within the commercial motor sector and monitors its exposure to each category separately. These sectors provide diversity and are not highly correlated with regard to premium rates.

The Company is essentially an insurance carrier providing a delegated underwriting authority for the majority of its business to Clegg Gifford & Co Limited. The intermediary could bind the business by underwriting risks outside of the Company's risk appetite or charge inadequate premium for the risk. This risk is mitigated by:
- The delegated authority is with Clegg Gifford & Co Limited, a connected party;
- Delegated authority limits are specified in the contracts with the intermediary;
- Clegg Gifford & Co Limited are provided with rates and underwriting guidelines which are regularly reviewed by the Underwriting Committee to ensure they are fit for purpose;
- The performance of Clegg Gifford & Co Limited, including adherence to delegated authority limits, is monitored by the Underwriting Committee.
- 2^{nd} line underwriting audit reviews are conducted according to the risk presented to the Company.

Large Losses

Large losses can occur typically where the insured event results in severe personal injury, or there is a catastrophe event usually an extreme weather event.

The Company purchased an excess of loss reinsurance programme to protect the motor and liability accounts and provided cover for each and every loss in excess of £1m for the 2019 and 2020 underwriting years (a partial placement for the £1m – 2m layer was in place for both years). For Property risks coinsurance on an individual basis is arranged where the exposure is greater than the Company's risk appetite.

Risks are accepted throughout the UK and Channel Islands and are widespread geographically. High concentrations of risk are monitored and action taken by the Underwriting Committee in order to mitigate the impact of a catastrophe event. Historically, when such events have occurred only small numbers of individual policyholders have been affected. So far as Motor is concerned, such losses are also protected by the excess of loss reinsurance programme.

Reserving

The failure to reserve the ultimate costs of claims accurately is a significant risk to the Company.

The Company has outsourced the reserving function to a small independent firm of actuaries, who also fulfil the role of Actuarial Function Holder. The agreed remit includes an assessment of the ultimate claims cost by underwriting year and class of business at a gross of reinsurance level. The methodology includes a range of standard actuarial techniques to better inform the result and emerging experience, where the most appropriate estimation technique is selected taking into account the characteristics of the class of business and the stage of the development of each underwriting year. A key focus of the analysis is to consider the development of large claims, where the greatest level of uncertainty exists. In addition, the review includes an assessment of the net of reinsurance amount of ultimate claims, which acts as a check on the gross to net transformation performed by the Finance Department.

For 2017 and prior years, the LPTA protects the Company from deterioration arising from all losses (including Large Losses) up to a set limit.

Going forward, a significant element of insurance risk is mitigated through extensive use of reinsurance arrangements. In addition to the excess of loss protection described above, the Company also places quota share reinsurance for certain lines with several major reinsurers.

Risk sensitivity for underwriting risks

The Company carries out stress and scenario testing as part of the ORSA process and this includes stress testing for material underwriting risks. The outcome of these stress tests demonstrates that the Company's ability to meet its capital requirements remains resilient. Key sensitivities for underwriting risk:

Underwriting sensitivities	Solvency impact
	£'000
1% fall in prices from business plan levels	(244)
1% fall in prices and volumes from business plan levels	(186)
1% increase in ultimate loss ratios	(270)

C.2. MARKET RISK

Market risk arises where the value of assets and liabilities change as a result of movements in interest rates, inflation foreign exchange and market prices. However, the majority of investments are held in cash or government / company bonds and the risk of a fall in the asset values is considered extremely low. The investments in bonds and deposits were disinvested in Q1 2018 to fund the LPTA. The business plans envisages a progressive build-up of investment balances during the plan period 2021-2023. It is not envisaged that this will change the existing investment strategy of investing only in cash, government debt or investment grade corporate bonds.

The investment of surplus funds, once built up, is planned to be managed by external investment managers as previously. The Company will continue to monitor the performance of the external investment managers on a regular basis and periodically agree with them the investment strategy to be adopted to mitigate risks of interest rate fluctuation and credit risks and to provide appropriate liquidity.

The detailed guidelines for the investment managers remain in place and the Company's Investment Committee will continue to monitor any investment performance and the associated risks.

Risk sensitivity for market risks

The expected investment amounts over the forward-looking business plan period are not significant and are mainly in bank deposits.

C.3. CREDIT RISK

Credit risk arises where counterparties fail to meet their financial obligations in full as they fall due. The primary sources of credit risk for the Company are: -

- Reinsurers: Whereby credit risk arises on the recoverability of reinsurers' share of claims paid and outstanding.
- Intermediaries: Whereby counterparties fail to pass on premiums collected or claims paid on behalf of the Company.
- Investments: Whereby issuer default results in the Company losing all or part of the value of a financial instrument.

The Company manages the levels of credit risk it accepts by placing limits on its exposure to a single reinsurance counterparty, or groups of counterparties. Such risks are subject to regular review.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim, the Company remains liable for the payment to the policyholder. The Company strategy is to use highly rated reinsurers with a minimum rating of A- or above (Standard & Poors, AM Best or equivalent). Management utilise the services of its specialist reinsurance brokers market security department to regularly assess the creditworthiness of all its reinsurers.

The Company's exposure to the LPTA reinsurer is fully collateralised.

The Company has exposure to credit risk arising from amounts owed by Clegg Gifford & Co Limited under normal terms of credit in relation to insurance business underwritten. There are also other amounts due arising from sale of the rights to the wholesale business and intercompany balances with Clegg Gifford & Co Limited relating to expenses charged to them and income earned from premium finance facilities.

Risk sensitivity for credit risk

The sensitivity of the Company's solvency ratio to credit rating downgrades of the Company's two largest reinsurance counterparties and a drop in estate recovery upon insolvency of Clegg Gifford & Co Limited was assessed.

Credit Risk sensitivities	**Solvency impact**
	£'000
Downgrade of 2 largest reinsurers by one rating level	(536)
5% drop in estate recovery upon insolvency of Clegg Gifford	(550)

C.4. LIQUIDITY RISK

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The primary liquidity risk of the Company is the obligation to pay claims to policyholders as they fall due. The projected settlement of these liabilities is modelled using actuarial techniques.

The Company's approach is to maintain an adequate level of liquid assets that can be translated into cash at short notice without any significant capital loss. These funds are monitored by management on a daily basis and as a result the Company does not consider that there is a material risk of loss arising from liquidity risk.

Risk sensitivity for liquidity risk

A key liquidity risk arises from potential delays in settlement by reinsurers. Stressing the key reinsurer recoveries under the quota share reinsurance program by a delay of a quarter still results in a positive cash flow and does not suggest that the Company will need short term financing.

C.5. OPERATIONAL RISK

The Company is exposed to operational risk, which is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes the failure of key outsourcing arrangements, business disruption, fraud and loss of key management.

All material operational risks which the Company is exposed to, are identified and recorded in the risk register. The risks are assessed, including the actions required to manage the risks. These risks are reported to senior management and the Audit & Risk Committee/Board. See the risk management section above.

The key operational risks facing the Company relate to Outsourcing; IT infrastructure and data security risks; effective governance and people risks. The Company continues to actively manage these risks.

Risk sensitivity for operational risk

Operational risk makes up circa 23% of the regulatory Solvency Capital Requirement.

C.6. OTHER MATERIAL RISKS

There are no other material risks facing the Company.

C.7. ANY OTHER INFORMATION

There are no other material matters in respect to the risk profile of the Company.

D) VALUATION FOR SOLVENCY PURPOSES

The starting point for valuation of assets and liabilities on a Solvency II basis for the Company and the Group is the UK GAAP values used in the preparation of its financial statements. Specific adjustments are made to the UK GAAP values where the Solvency II requirements differ from UK GAAP. The guidance issued by the Prudential Regulation Authority on consistency of UK GAAP with the Solvency II directive has been followed in considering the need for adjustments to UK GAAP values.

D.1. ASSETS

The material classes of assets shown in the Company's financial statements, Solvency II Balance sheet and the values as at 31 December 2020 and 2019 are summarised in the table below. The Group's financial statements, and Solvency II Balance sheet are similar to that of the Company.

Item	2020 UK GAAP Value £'000	2019 UK GAAP Value £'000	Summary of Financial Statement Basis	2020 Solvency II Value £'000	2019 Solvency II Value £'000	Summary of Solvency II Basis
Assets						
Financial Investments - Cash & Deposits	13,816	4,894	Cost	13,816	4,894	Mark to market
Plant & Equipment	2,778	3,116	Lower of amortised cost or net realisable value	2,013	2,819	Fair value (simplification). Software development cost not recognised
Insurance & Intermediary receivables	19,558	17,702	Best Estimate of recoverable value. No discounting as amounts due within one year.	7,712	11,080	Values per financial statements. Under Solvency II premium amounts not yet due are reclassified to premium provisions
Reinsurance receivables	4,172	-	Best Estimate of recoverable value. No discounting as amounts due within one year.	4,172	-	Values per financial statements adjusted for unwind of unearned premium reserves
Receivables other	7,972	9,674	Best Estimate of recoverable value. Amounts due over one year bear interest at market rates.	7,949	9,623	Fair value - measured using discounted cash flow method. Accrued interest reclassified here from financial investments.
Deferred Tax asset	2,800	1,105	Prudent estimate of expected tax benefit arising from timing differences over the 3 year business planning horizon	1,742	1,116	Audited financial statement value amended for some valuation adjustments made to transition to Solvency II

Financial Investments

The fair value of a financial instrument is the amount that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. the exit price. Financial investments are marked to bid prices and financial liabilities are marked to offer prices. Fair value measurements do not include transaction costs.

Cash at bank and deposits with credit institutions are valued at fair value by the financial institutions. There are no significant judgements or estimates made in valuing Cash and deposits with financial institutions.

Plant and Equipment

The UK GAAP valuation of the Company Plant and Equipment is stated at cost less accumulated depreciation. This mainly relates to IT equipment and computer systems. Under Solvency II Plant and Equipment can be valued at depreciated replacement value. The depreciated cost is deemed to be a materially fair approximation for fair market value. Under solvency II, software costs are not recognised, and an appropriate adjustment is made to move from UK GAAP to a Solvency II valuation.

Insurance & Intermediary receivables

Insurance & Intermediary receivables represents best estimate of recoverable value from policyholders/ intermediaries. Under Solvency II premiums receivable not yet due, of £11,845k (2019 - £6,623k), are reclassified to technical premium provisions.

Reinsurance receivables

Reinsurance receivables represents amounts owed from quota share reinsurers (their share of claims net of premiums and commissions due). These are all due within one year.

Receivables other

Receivables other include certain loans and amounts due from RWC Investments Limited, a company owned by R W Clegg and from Clegg Gifford & Co Limited, a company controlled by R W Clegg. These amounts bear interest at market rates and have been fair valued by discounting expected cash flows. They remain unchanged from the financial statement value as the amounts due bear interest at a market rate.

Deferred Tax asset

Deferred Tax asset is a prudent estimate of tax benefit expected to be realised over the business planning horizon arising from timing differences, at current tax rates. This assumes that the expected future profits will arise. The Solvency II value is based on the audited financial statement value, reduced for the impact of the capital tiering restrictions which has been estimated in arriving at the Solvency II valuation- in 2019 and prior, such adjustments were made under capital tiering rules.

D.2. TECHNICAL PROVISIONS

Technical provisions are valued in accordance with the Solvency II Directive which states that the value of technical provisions shall be equal to the sum of a best estimate and an explicit risk margin. All data in this section D2 relates to both the Company and the Group (unless otherwise stated).

The net technical provisions by line of business are

Line of Business	31-Dec-20				31-Dec-20	31-Dec-20
	Best Estimate liabilities					
	Gross (GAAP)	Reinsurance rec- (GAAP)	Reclassification	Other SII Adj (net)	Risk Margin	Net Technical Provisions
	£'000	£'000	£'000	£'000	£'000	£'000
Motor Vehicle liability Insurance	74,320	(63,183)	(9,476)	4,153	795	6,608
Other motor Insurance	20,480	(17,696)	(2,369)	3,064	304	3,783
Fire and other damage to property insurance	362	(58)	-	97	21	422
General liability	540	(248)	-	27	17	336
Annuities stemming from non-life insurance contracts*	7,601	(7,601)	-	2	0	2
Total	103,303	(88,786)	(11,845)	7,343	1,137	11,152

* - these relate to payments under the Company's 3 (2019-2) periodic payment orders (PPOs).

Line of Business	31-Dec-19				31-Dec-19	31-Dec-19
	Best Estimate liabilities					
	Gross (GAAP)	Reinsurance rec (GAAP)	Reclassification	Other SII Adj (net)	Risk Margin	Net Technical Provisions
	£'000	£'000	£'000	£'000	£'000	£'000
Motor Vehicle liability Insurance	81,898	(74,245)	(5,364)	3,994	585	6,868
Other motor Insurance	20,970	(19,175)	(1,258)	3,237	253	4,026
Fire and other damage to property insurance	263	(115)	-	81	12	241
General liability	993	(798)	-	23	11	229
Annuities stemming from non-life insurance contracts*	7,499	(7,499)	-	2	0	2
Total	111,623	(101,831)	(6,623)	7,337	861	11,365

Reclassification

Under Solvency II, a reclassification adjustment is made from the insurance receivable asset that reduces the net technical provisions by future premium cash inflows for premiums not yet due on incepted business.

The components of net technical provisions (before the distorting effect of the reclassification adjustment) have increased as there is one additional year that does not benefit from the LPTA - 2017 and prior reserves are fully reinsured by the LPTA.

D.2.1 BEST ESTIMATE LIABILITIES

The starting point for the calculation of Technical Provisions is the UK GAAP reserves, which are calculated on Best Estimate basis, before discounting. The Chief Actuary carries out a quarterly assessment of the UK GAAP reserves and presents the results for challenge to the Audit & Risk Committee. The Company has established a transformation of the UK GAAP claims estimates to a Solvency II basis by considering each of the key components identified below, in much the same way as other aspects of the Solvency II Balance Sheet. The Chief Actuary has reviewed the transformation and has confirmed that in his opinion, taking into account materiality and proportionality the process is appropriate.

Outstanding Claims

The provision for outstanding claims at the balance sheet date comprise case estimates in relation to known claims that are not settled, a provision for unknown claims, to include late reported and future development of known claims (IBNR and IBNER) that have occurred before the balance sheet date, together with the provision for related claims handling costs. Case estimates are assessed on a claim by claim basis by experienced claims handlers, taking into account the claim specific details. The IBNR provision is based on the UK GAAP reserving exercise, which uses a range of standard actuarial methods. These methods generally involve projecting from past experience of the development of claims over time to form a view of the likely ultimate claims to emerge for more recent underwriting, taking into account changes in the business mix, evolving legislation and claims management and settlement process variations in the business.

Events not in data (ENID)

Under Solvency II the best estimate technical provisions must consider "all possible outcomes" rather than "reasonably foreseeable" as per the GAAP accounts. This includes latent claims or very extreme high severity, low probability claims. These items (both latent claims and extreme events) are referred to as "Events not in data" and adjustment are required to ensure that they are included within the technical provisions.

Following discussions and guidance from our Chief Actuary, a scenario-based approach was considered to be the most appropriate method under which potential adverse circumstances were considered using a frequency-severity approach to arrive at an ENID provision. It should be noted that given the excess of loss and quota share reinsurance arrangements the impact of a single large loss to the Company is limited. In addition, the majority of the business relates to Motor Road Risk (95%) which is less subject to latent exposure, that is claims are reported relatively quickly after the date of loss.

Premium Provisions
Premium provisions relate to claims events occurring after the financial year end date in relation to the remaining in-force coverage period of policies. The projections comprise all future claims payments and claims management expenses arising from those events. These projections are based on rating and other models used for current business to determine the likely level of ultimate claims to be incurred. For UK GAAP an unearned premium provision is made for this business.

Premium provisions are reduced by the amount of expected future premium cash inflows, including premiums not yet due on incepted business (reclassification amounts are shown in the table above).

Legal Obligation Basis
Under the legal obligation basis of Solvency II, all existing contracts must be valued, whether the contracts have incepted or not. Under UK GAAP contracts relating to business incepted after the year-end are not recognised. This adjustment has impacted the following areas

- Gross future premium and claims cash-flows for policies not yet incepted by the valuation date, but already forming part of contractual obligations ("un-incepted" business), now form part of the premium provision. This has been estimated to be the renewals in the first 4 weeks in January 2021.
- The basis for recognising existing contracts also affects reinsurance contracts and their expected cash-flows. All our reinsurance contracts are on a risk attaching basis. Minimum deposit premiums on the outward excess of loss reinsurance treaties on which the Company was contractually obliged have been provided for at the end of 2020.

Overall the adoption of the Legal Obligation basis has resulted in a more conservative position being taken by the Company when compared to the UK GAAP basis.

Cash flows included
The Company project best estimate liabilities gross of cash flows provided by reinsurance contracts. The value of reinsurance recoverable is then separately included on the Solvency II balance sheet. The calculation of best estimate liabilities will include all contractual cash flows.

Discount rate
The Company uses Solvency II's basic risk-free term structure to discount the cash flows.

As at 31 December 2020, the Company did not make use of a matching or a volatility adjustment which is appropriate given the nature of the assets supporting the balance sheet.

Transitional risk-free interest rate term structure is not applied as the Company did not discount liabilities under the previous Solvency I provisions. Consequently, no transitional deduction is applied to technical provisions.

Level of uncertainty
There is a level of inherent uncertainty within all insurance claims liabilities. The two most critical assumptions as regards claims provisions are that the past is a reasonable predictor of the likely level of future claims development and that the rating models used for determining premium provisions are fair reflections of the likely level of ultimate claims to be incurred.

D.2.2. RISK MARGIN

Under Solvency II, insurers are required to hold a 'risk margin' on their balance sheet. This risk margin is designed to represent the amount a shell (re)insurance company would require to take on the obligations of a given insurance company. It effectively means that if an insurer were, as a result of a shock, to use up all its free surplus and capital, then it would still have sufficient assets to safely wind-up and transfer its obligations to a third party.

The Delegated Acts outlines the formula which should be used to calculate the risk margin. The Solvency II guidelines on the valuation of technical provisions outline a hierarchy of simplifications for the calculation of the risk margin in Guideline 61. The Company makes use of the 'modified duration' approach detailed in this guideline.

The Chief Actuary on an annual basis, verifies the continued appropriateness of this simplification for the Company and based on the relative complexity of the business the approach used has been confirmed as being appropriate.

D.2.3. COMPARISON TO FINANCIAL STATEMENT

Technical Provisions	2020 Financial Statements Value £'000	2020 Solvency II Value £'000	2019 Financial Statements Value £'000	2019 Solvency II Value £'000
Assets -A				
Reinsurance Recoverable on Best Estimate liabilities	88,786	97,646	101,831	109,248
Reinsurance Recoverable on Unearned Premium Provisions	26,246		18,220	
Deferred Acquisition costs	6,778	-	5,410	-
Sub total	121,810	97,646	125,461	109,248
Liabilities - B				
Best Estimate liabilities	103,303	107,661	111,623	119,755
Unearned Premium Provisions	37,743		29,088	
Deferred Acquisition costs	3,464		1,566	
Risk Margin		1,137		861
Sub total	144,510	108,797	142,278	120,616
Net Technical Provisions B-A	**22,700**	**11,152**	**16,816**	**11,367**

Under Solvency II, there are some key changes for the valuation of technical provisions, when compared to UK GAAP that result in valuation differences. These changes, required to transition from UK GAAP basis to Solvency II, are consistent for all lines of business. These are explained in more detail in D2.1 and 2.2 above.

Reinsurance Recoverable

Reinsurance Recoverable relates to the extensive reinsurance arrangements that the Company has entered into. These are described further in section C1 above.

Recoverables from reinsurance contracts are shown separately on the asset side of the balance sheet (as "Recoverables from reinsurance contracts"). The amounts that will be recoverable from reinsurers are estimated based upon the gross provisions, having due regard to collectability. Reinsurance recoveries in respect of estimated claims incurred but not reported are assumed to be consistent with the historical pattern of such recoveries, adjusted to reflect changes in the nature and extent of the Company's reinsurance programme over time. The recoverability of reinsurance recoveries is assessed having regard to market data on the financial strength of each of the reinsurance companies.

D.3. OTHER LIABILITIES

Item	2020 UK GAAP Value £'000	2019 UK GAAP Value £'000	Summary of Financial Statement Basis	2020 Solvency II Value £'000	2019 Solvency II Value £'000	Summary of Solvency II Basis
Liabilities						
Reinsurance payables	6,802	2,604	Stated at amounts due. No discounting	6,778	2,150	Amount discounted for time value
Other Creditors	2,532	1,777	Stated at amounts due. No discounting	2,532	1,777	Same as financial statement value. No discounting as amounts short term.
Subordinated Debt	5,000	5,000	At Cost	5,000	5,000	Subordinated debt qualified as own funds under Solvency II.

At 31 December 2020 and 2019, the Company and the Group had no Contingent liabilities.

Other Creditors

Other Creditors mainly relate to taxes and social security. These have been stated at amounts due, which are all due within one year.

The Company does not have any exposure to defined benefit pension plans.

Subordinated Debt:

Subordinated Loan Note:	2020 £'000	2019 £'000
Tier 2		
Amount repayable in more than 10 years	5,000	5,000
	5,000	**5,000**

The £5m subordinated loan note is from Clegg Gifford & Co Limited.

In order to be accepted as subordinated securities, there are various conditions relating to the loss absorbency, payment of interest and redemption of the loan notes that these loan notes must meet. Further details on the instrument are in B1.3 above.

D.4. ALTERNATIVE METHODS FOR VALUATION

See explanation under receivables other under D.1 above.

D.5. ANY OTHER INFORMATION

Not applicable for the Company or the Group

E) CAPITAL MANAGEMENT

E.1. OWN FUNDS

E.1.1 MANAGEMENT OF OWN FUNDS

The objective of own funds management is to maintain, at all times, sufficient own funds to cover the SCR and MCR with appropriate buffers. These should be of sufficient quality to meet the eligibility requirements in the Solvency II Regulations.

The Company has set itself a target level of capital resources above the SCR requirement to act as a buffer against potential deterioration.

The Company holds regular meetings of senior management, in which the ratio of eligible own funds over SCR and MCR is reviewed. As part of own funds management, the Company prepares ongoing annual solvency projections and reviews the structure of own funds and future requirements. The business plan, which forms the base of the ORSA, contains a three-year projection of funding requirements and this helps focus actions for future funding.

E.1.2. OWN FUNDS BY TIERS

The Company and Group classifies its own funds as tier 1, tier 2 or tier 3 depending on the characteristics of the capital. Tier 1 capital is the best form of capital for the purposes of absorbing losses.

Own Funds	2020 Company & Group £'000	2019 Company & Group £'000	Detail
Capital Instrument			
Tier 1 - Ordinary Equity	10,199	8,122	Comprised of share capital, share premium and reconciliation reserves*. Held by TIH at Tradex Insurance Company Ltd level and by private shareholders at the Group level.
Tier 2 - Subordinated Debt	5,000	5,000	The subordinated loan note is held by Clegg Gifford & Co Limited.
Tier 3 - Reserves	1,742	1,116	Tier 3 Reserves relate to the Deferred Tax asset
Total pre tiering restrictions	16,941	14,238	

*The reconciliation reserve represents retained earnings after taking account of reconciliation adjustments from UK GAAP balance sheet to SII balance sheet.

Changes in Own Funds
The changes in own funds at the Company & Group level are given below:

Company & Group

Change in Own Funds	Tier 1 £'000	Tier 2 £'000	Tier 3 £'000	Total £'000
Balance brought forward	8,122	5,000	1,116	14,238
Issue of ordinary shares	1,000			1,000
Results for the year under Solvency II	1,077	-	626	1,703
Pre tiering limits	10,199	5,000	1,742	16,941

On 21 December 2020 the Company issued additional ordinary shares for a consideration of £1m in cash.

E.1.3. ELIGIBILITY OF OWN FUNDS

Company and Group: Basic Own Funds	31/12/2020			31/12/2019		
	Pre tiering £'000	Capital tiering restrictions £'000	Post tiering £'000	Pre-tiering £'000	tiering restrictions £'000	Post tiering £'000
Tier 1 capital	10,199		10,199	8,122		8,122
Tier 2 - Subordinated debt	5,000		5,000	5,000		5,000
Tier 3- Deferred tax	1,742	(54)	1,688	1,116	(485)	631
	16,941	**(54)**	**16,887**	**14,238**	**(485)**	**13,753**

	2020 Company & Group £'000	2019 Company & Group £'000
Post SCR tiering limits		
Tier 1 capital	10,199	8,122
Tier 2 capital	5,000	5,000
Tier 3 capital	1,688	631
Eligible Own Funds to meet SCR	16,887	13,753
SCR	13,376	11,263
SCR coverage %	126%	122%
Eligible Own Funds to meet MCR	10,868	8,780
MCR	3,344	3,288
MCR coverage %	325%	267%

Notes on Capital tiering restrictions
The following capital tiering restrictions applied to own funds eligible to cover SCR

i. The Tier 2 + Tier 3 < 50% SCR restrictions mean that part of tier 3 own funds (deferred tax) are restricted by 0.05m (2019- 0.5m).

The Company and Group's Tier 1 and Tier 2 own funds may be used to cover the Minimum Capital Requirements (MCR). However, only 20% of MCR can be covered by Tier 2 capital and hence eligible capital to meet MCR requirements is further restricted to £10,868k (£8,780k at 31 December 2019).

E.1.4. COMPARISON TO FINANCIAL STATEMENT

	2020 Company & Group £'000	2019 Company & Group £'000
Equity per Financial Statements	14,061	10,252
Adjustment for Solvency II valuations:	(2,120)	(733)
Subordinated Debt recognised as Own Funds under Solvency II	5,000	5,000
Own Funds under Solvency II	16,941	14,519

E.2. SOLVENCY CAPITAL REQUIREMENT (SCR) AND MINIMUM CAPITAL REQUIREMENT (MCR)

The Solvency II Pillar 1 Capital Requirements by type of risk are shown below:

Solvency Capital requirement By risk type	2020 Company & Group £'000	2019 Company & Group £'000
Underwriting Risk	7,722	5,610
Market Risk	6	109
Counterparty Risk	4,017	4,330
Diversification	(1,410)	(1,385)
	10,335	8,664
Operational Risk	3,041	2,599
Solvency Capital requirement (SCR)	13,376	11,263
Minimum Capital Requirement (MCR)	3,338	3,187
MCR as % of SCR	25%	28%

The Company and the Group calculate its SCR in accordance with the standard formula (SF) prescribed in the Solvency II regulations. The SCR coverage is shown in the table under E1.3 above.

There have been no simplifications or undertaking specific parameters used in the calculation of the SCR results.

The MCR for 2020 is at the absolute minimum required under the Solvency II regulations.

E.3. NON COMPLIANCE WITH MINIMUM CAPITAL REQUIREMENT (MCR) AND SOLVENCY CAPITAL REQUIREMENT (SCR)

There have been no periods of non-compliance with the MCR or the SCR during 2020.

E.4. ANY OTHER INFORMATION

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

F) TEMPLATES

The following Quantitative Reporting Templates (QRTs) are required for the SFCR:

Group Templates

QRT ref	QRT Template name
S.02.01.02	Balance sheet
S.05.01.02	Premiums, claims and expenses by line of business (non-life)
S.05.01.02	Premiums, claims and expenses by line of business (life)
S.05.02.01	Premiums, claims and expenses by country (non-life)
S.05.02.01	Premiums, claims and expenses by country (life)
S.23.01.22	Own Funds
S.25.01.22	Solvency Capital Requirement - for groups on Standard Formula
S.32.01.22	Undertakings in the scope of the group

Company Templates

QRT ref	QRT Template name
S.02.01.02	Balance Sheet
S.05.01.02	Premiums, claims and expenses by line of business (non-life)
S.05.01.02	Premiums, claims and expenses by line of business (life)
S.05.02.01	Premiums, claims and expenses by country (non-life)
S.05.02.01	Premiums, claims and expenses by country (life)
S.12.01.02	Life and Health SLT Technical Provisions
S.17.01.02	Non-Life Technical Provisions
S.19.01.21	Non-Life Insurance Claims – Underwriting Year
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

The templates are included at the end of this report.

G) RESPONSIBILITY STATEMENT

Tradex Insurance Holdings Limited

Approval by the Board of Directors of the Group Solvency and Financial Condition Report

Financial year ended 31 December 2020

The TIH Board certify that:

1. the Group Solvency and Financial Condition Report ("SFCR") has been properly prepared in all material respects in accordance with the PRA rules and Solvency II Regulations and
2. the TIH Board are satisfied that:
    a) throughout the financial year in question, the Company and the Group have complied in all material respects with the requirements of the PRA rules and Solvency II Regulations as applicable to the Company and the Group respectively and
    b) it is reasonable to believe that, at the date of the publication of the SFCR, the Company and the Group have continued so to comply and will continue so to comply in the future.

Nick Taylor
Chief Executive Officer
For and on behalf of the Board of Directors
Date: 13 May 2021

Tradex Insurance Holdings Limited

Solvency and Financial Condition Report

Disclosures

31 December

2020

(Monetary amounts in GBP thousands)

General information

Participating undertaking name	Tradex Insurance Holdings Limited
Group identification code	213800MGZ5VFRET41F45
Type of code of group	LEI
Country of the group supervisor	GB
Language of reporting	en
Reporting reference date	31 December 2020
Currency used for reporting	GBP
Accounting standards	Local GAAP
Method of Calculation of the group SCR	Standard formula
Method of group solvency calculation	Method 1 is used exclusively
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.05.01.02 - Premiums, claims and expenses by line of business
S.05.02.01 - Premiums, claims and expenses by country
S.05.02.01 - Premiums, claims and expenses by country
S.23.01.22 - Own Funds
S.25.01.22 - Solvency Capital Requirement - for groups on Standard Formula
S.32.01.22 - Undertakings in the scope of the group

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	1,742
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	2,013
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	6,000
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*	0
R0200	*Deposits other than cash equivalents*	6,000
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	0
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	0
R0260	*Other loans and mortgages*	0
R0270	Reinsurance recoverables from:	97,646
R0280	*Non-life and health similar to non-life*	90,233
R0290	*Non-life excluding health*	90,233
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	7,413
R0320	*Health similar to life*	0
R0330	*Life excluding health and index-linked and unit-linked*	7,413
R0340	*Life index-linked and unit-linked*	0
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	7,712
R0370	Reinsurance receivables	4,172
R0380	Receivables (trade, not insurance)	6,446
R0390	Own shares (held directly)	0
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	7,816
R0420	Any other assets, not elsewhere shown	1,502
R0500	**Total assets**	135,049

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	101,383
R0520	*Technical provisions - non-life (excluding health)*	101,383
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	100,246
R0550	*Risk margin*	1,137
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)	7,415
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	0
R0630	*Best Estimate*	0
R0640	*Risk margin*	0
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	7,415
R0660	*TP calculated as a whole*	0
R0670	*Best Estimate*	7,414
R0680	*Risk margin*	0
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	0
R0710	*Best Estimate*	0
R0720	*Risk margin*	0
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	0
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	0
R0790	Derivatives	0
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	0
R0830	Reinsurance payables	6,778
R0840	Payables (trade, not insurance)	2,283
R0850	Subordinated liabilities	5,000
R0860	*Subordinated liabilities not in BOF*	0
R0870	*Subordinated liabilities in BOF*	5,000
R0880	Any other liabilities, not elsewhere shown	243
R0900	**Total liabilities**	123,101
R1000	**Excess of assets over liabilities**	11,948

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				37,336	33,109		996	745		0							72,186
R0120	Gross - Proportional reinsurance accepted				0	0		0	0		0							0
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share				26,471	23,474		0	108		0							50,052
R0200	Net				10,866	9,636		996	637		0							22,134
	Premiums earned																	
R0210	Gross - Direct Business				32,748	29,041		959	784		0							63,532
R0220	Gross - Proportional reinsurance accepted				0	0		0	0		0							0
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share				22,218	19,703		0	108		0							42,029
R0300	Net				10,530	9,338		959	676		0							21,503
	Claims incurred																	
R0310	Gross - Direct Business				33,697	8,424		186	-253		0							42,053
R0320	Gross - Proportional reinsurance accepted				0	0		0	0		0							0
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share				24,633	6,144		-161	-309		0							30,307
R0400	Net				9,063	2,281		347	55		0							11,746
	Changes in other technical provisions																	
R0410	Gross - Direct Business				0	0		0	0		0							0
R0420	Gross - Proportional reinsurance accepted				0	0		0	0		0							0
R0430	Gross - Non-proportional reinsurance accepted																	0
R0440	Reinsurers' share				0	0		0	0		0							0
R0500	Net				0	0		0	0		0							0
R0550	**Expenses incurred**				6,437	5,417		236	208		0							12,298
R1200	**Other expenses**																	-5,775
R1300	**Total expenses**																	6,523

S.05.01.02

Premiums, claims and expenses by line of business

Life

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
	Premiums written									
R1410	Gross						0		0	0
R1420	Reinsurers' share						0		0	0
R1500	Net						0		0	0
	Premiums earned									
R1510	Gross						0		0	0
R1520	Reinsurers' share						0		0	0
R1600	Net						0		0	0
	Claims incurred									
R1610	Gross						369		0	369
R1620	Reinsurers' share						369		0	369
R1700	Net						0		0	0
	Changes in other technical provisions									
R1710	Gross						0		0	0
R1720	Reinsurers' share						0		0	0
R1800	Net						0		0	0
R1900	**Expenses incurred**						0		0	0
R2500	**Other expenses**									0
R2600	**Total expenses**									0

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	72,186						72,186
R0120	Gross - Proportional reinsurance accepted	0						0
R0130	Gross - Non-proportional reinsurance accepted	0						0
R0140	Reinsurers' share	50,052						50,052
R0200	Net	22,134						22,134
	Premiums earned							
R0210	Gross - Direct Business	63,532						63,532
R0220	Gross - Proportional reinsurance accepted	0						0
R0230	Gross - Non-proportional reinsurance accepted	0						0
R0240	Reinsurers' share	42,029						42,029
R0300	Net	21,503						21,503
	Claims incurred							
R0310	Gross - Direct Business	42,053						42,053
R0320	Gross - Proportional reinsurance accepted	0						0
R0330	Gross - Non-proportional reinsurance accepted	0						0
R0340	Reinsurers' share	30,307						30,307
R0400	Net	11,746						11,746
	Changes in other technical provisions							
R0410	Gross - Direct Business	0						0
R0420	Gross - Proportional reinsurance accepted	0						0
R0430	Gross - Non-proportional reinsurance accepted	0						0
R0440	Reinsurers' share	0						0
R0500	Net	0						0
R0550	**Expenses incurred**	12,298						12,298
R1200	**Other expenses**							-5,775
R1300	**Total expenses**							6,523

S.05.02.01

Premiums, claims and expenses by country

Life

		C0150	C0160	C0170	C0180	C0190	C0200	C0210
		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations			Top 5 countries (by amount of gross premiums written) - life obligations		Total Top 5 and home country
R1400								
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
	Premiums written							
R1410	Gross	0						0
R1420	Reinsurers' share	0						0
R1500	Net	0						0
	Premiums earned							
R1510	Gross	0						0
R1520	Reinsurers' share	0						0
R1600	Net	0						0
	Claims incurred							
R1610	Gross	369						369
R1620	Reinsurers' share	369						369
R1700	Net	0						0
	Changes in other technical provisions							
R1710	Gross	0						0
R1720	Reinsurers' share	0						0
R1800	Net	0						0
R1900	**Expenses incurred**	0						0
R2500	**Other expenses**							0
R2600	**Total expenses**							0

S.23.01.22

Own Funds

	Basic own funds before deduction for participations in other financial sector	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	12,139	12,139		0	
R0020	*Non-available called but not paid in ordinary share capital at group level*	0	0		0	
R0030	Share premium account related to ordinary share capital	10,080	10,080		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
R0060	*Non-available subordinated mutual member accounts at group level*	0		0	0	0
R0070	Surplus funds	0	0			
R0080	*Non-available surplus funds at group level*	0	0			
R0090	Preference shares	0		0	0	0
R0100	*Non-available preference shares at group level*	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0120	*Non-available share premium account related to preference shares at group level*	0		0	0	0
R0130	Reconciliation reserve	-12,012	-12,012			
R0140	Subordinated liabilities	5,000		0	5,000	0
R0150	*Non-available subordinated liabilities at group level*	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	1,742				1,742
R0170	*The amount equal to the value of net deferred tax assets not available at the group level*	0				0
R0180	Other items approved by supervisory authority as basic own funds not specified above	0	0	0	0	0
R0190	*Non available own funds related to other own funds items approved by supervisory authority*	0	0	0	0	0
R0200	Minority interests (if not reported as part of a specific own fund item)	0	0	0	0	0
R0210	*Non-available minority interests at group level*	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 other financial undertakings, including non-regulated undertakings carrying out financial activities**	0	0	0	0	0
R0240	*whereof deducted according to art 228 of the Directive 2009/138/EC*	0	0	0	0	
R0250	Deductions for participations where there is non-availability of information (Article 229)	0	0	0	0	0
R0260	Deduction for participations included by using D&A when a combination of methods is used	0	0	0	0	0
R0270	**Total of non-available own fund items**	0	0	0	0	0
R0280	**Total deductions**	0	0	0	0	0
R0290	**Total basic own funds after deductions**	16,948	10,206	0	5,000	1,742
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0			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			0	
R0320	Unpaid and uncalled preference shares callable on demand	0			0	0
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0			0	0
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0			0	
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0			0	0
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	0
R0380	Non available ancillary own funds at group level	0			0	0
R0390	Other ancillary own funds	0			0	0
R0400	**Total ancillary own funds**	0			0	0
	Own funds of other financial sectors					
R0410	Credit Institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies	0	0	0	0	
R0420	Institutions for occupational retirement provision	0	0	0	0	0
R0430	Non regulated entities carrying out financial activities	0	0	0	0	
R0440	**Total own funds of other financial sectors**	0	0	0	0	0

S.23.01.22

Own Funds

	Basic own funds before deduction for participations in other financial sector	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
	Own funds when using the D&A, exclusively or in combination of method 1					
R0450	Own funds aggregated when using the D&A and combination of method	0	0	0	0	0
R0460	Own funds aggregated when using the D&A and combination of method net of IGT	0	0	0	0	0
R0520	Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	16,948	10,206	0	5,000	1,742
R0530	Total available own funds to meet the minimum consolidated group SCR	15,206	10,206	0	5,000	
R0560	Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	16,894	10,206	0	5,000	1,688
R0570	Total eligible own funds to meet the minimum consolidated group SCR (group)	10,875	10,206	0	669	
R0610	**Minimum consolidated Group SCR**	3,344				
R0650	**Ratio of Eligible own funds to Minimum Consolidated Group SCR**	325.20%				
R0660	**Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)**	16,894	10,206	0	5,000	1,688
R0680	**Group SCR**	13,376				
R0690	**Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A**	126.30%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	11,948
R0710	Own shares (held directly and indirectly)	0
R0720	Forseeable dividends, distributions and charges	0
R0730	Other basic own fund items	23,960
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0750	Other non available own funds	0
R0760	**Reconciliation reserve**	-12,012
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	0
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	544
R0790	**Total Expected profits included in future premiums (EPIFP)**	544

S.25.01.22

Solvency Capital Requirement - for groups on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	6		
R0020	Counterparty default risk	4,017		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	7,722		
R0060	Diversification	-1,410		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	10,335		

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	3,041
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	0
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**	13,376
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement for undertakings under consolidated method**	13,376
	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
R0470	Minimum consolidated group solvency capital requirement	3,344
	Information on other entities	
R0500	Capital requirement for other financial sectors (Non-insurance capital requirements)	0
R0510	*Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies*	0
R0520	*Institutions for occupational retirement provisions*	0
R0530	*Capital requirement for non- regulated entities carrying out financial activities*	0
R0540	Capital requirement for non-controlled participation requirements	0
R0550	Capital requirement for residual undertakings	0
	Overall SCR	
R0560	SCR for undertakings included via D&A	0
R0570	**Solvency capital requirement**	13,376

S.32.01.22

Undertakings in the scope of the group

Row	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080
1	GB	21380092HRNZ2H8HOH96	LEI	Tradex Insurance Company Limited	Non life insurance undertaking	Private Limited Company	Non-mutual	Prudential Regulation Authority
2	GB	213800MGZ5VFRET41F45	LEI	Tradex Insurance Holdings Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Private Limited Company	Non-mutual	None

S.32.01.22

Undertakings in the scope of the group

				Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
Row	C0010	C0020	C0030	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
1	GB	21380092HRNZ2H8HOH96	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
2	GB	213800MGZ5VFRET41F45	LEI							Included in the scope		Method 1: Full consolidation

Tradex Insurance Company Limited

Solvency and Financial Condition Report

Disclosures

31 December

2020

(Monetary amounts in GBP thousands)

General information

Undertaking name	Tradex Insurance Company Limited
Undertaking identification code	21380092HRNZ2H8HOH96
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 2020
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.05.01.02 - Premiums, claims and expenses by line of business
S.05.02.01 - Premiums, claims and expenses by country
S.05.02.01 - Premiums, claims and expenses by country
S.12.01.02 - Life and Health SLT Technical Provisions
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	0
R0040	Deferred tax assets	1,742
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	2,013
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	6,000
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	0
R0120	*Equities - unlisted*	0
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*	0
R0200	*Deposits other than cash equivalents*	6,000
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	0
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	0
R0260	*Other loans and mortgages*	0
R0270	Reinsurance recoverables from:	97,646
R0280	*Non-life and health similar to non-life*	90,233
R0290	*Non-life excluding health*	90,233
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	7,413
R0320	*Health similar to life*	0
R0330	*Life excluding health and index-linked and unit-linked*	7,413
R0340	*Life index-linked and unit-linked*	0
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	7,712
R0370	Reinsurance receivables	4,172
R0380	Receivables (trade, not insurance)	6,446
R0390	Own shares (held directly)	0
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	7,816
R0420	Any other assets, not elsewhere shown	1,502
R0500	**Total assets**	135,049

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	101,383
R0520	*Technical provisions - non-life (excluding health)*	101,383
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	100,246
R0550	*Risk margin*	1,137
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)	7,415
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	0
R0630	*Best Estimate*	0
R0640	*Risk margin*	0
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	7,415
R0660	*TP calculated as a whole*	0
R0670	*Best Estimate*	7,414
R0680	*Risk margin*	0
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	0
R0710	*Best Estimate*	0
R0720	*Risk margin*	0
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	0
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	0
R0790	Derivatives	0
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	0
R0830	Reinsurance payables	6,778
R0840	Payables (trade, not insurance)	2,289
R0850	Subordinated liabilities	5,000
R0860	*Subordinated liabilities not in BOF*	0
R0870	*Subordinated liabilities in BOF*	5,000
R0880	Any other liabilities, not elsewhere shown	243
R0900	**Total liabilities**	123,108
R1000	**Excess of assets over liabilities**	11,941

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				37,336	33,109		996	745		0							72,186
R0120	Gross - Proportional reinsurance accepted				0	0		0	0		0							0
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share				26,471	23,474		0	108		0							50,052
R0200	Net				10,866	9,636		996	637		0							22,134
	Premiums earned																	
R0210	Gross - Direct Business				32,748	29,041		959	784		0							63,532
R0220	Gross - Proportional reinsurance accepted				0	0		0	0		0							0
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share				22,218	19,703		0	108		0							42,029
R0300	Net				10,530	9,338		959	676		0							21,503
	Claims incurred																	
R0310	Gross - Direct Business				33,697	8,424		186	-253		0							42,053
R0320	Gross - Proportional reinsurance accepted				0	0		0	0		0							0
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share				24,633	6,144		-161	-309		0							30,307
R0400	Net				9,063	2,281		347	55		0							11,746
	Changes in other technical provisions																	
R0410	Gross - Direct Business				0	0		0	0		0							0
R0420	Gross - Proportional reinsurance accepted				0	0		0	0		0							0
R0430	Gross - Non-proportional reinsurance accepted																	0
R0440	Reinsurers' share				0	0		0	0		0							0
R0500	Net				0	0		0	0		0							0
R0550	**Expenses incurred**				6,437	5,417		236	208		0							12,298
R1200	**Other expenses**																	-5,775
R1300	**Total expenses**																	6,523

S.05.01.02

Premiums, claims and expenses by line of business

Life

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
	Premiums written									
R1410	Gross						0		0	0
R1420	Reinsurers' share						0		0	0
R1500	Net						0		0	0
	Premiums earned									
R1510	Gross						0		0	0
R1520	Reinsurers' share						0		0	0
R1600	Net						0		0	0
	Claims incurred									
R1610	Gross						369		0	369
R1620	Reinsurers' share						369		0	369
R1700	Net						0		0	0
	Changes in other technical provisions									
R1710	Gross						0		0	0
R1720	Reinsurers' share						0		0	0
R1800	Net						0		0	0
R1900	**Expenses incurred**						0		0	0
R2500	**Other expenses**									0
R2600	**Total expenses**									0

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	72,186						72,186
R0120	Gross - Proportional reinsurance accepted	0						0
R0130	Gross - Non-proportional reinsurance accepted	0						0
R0140	Reinsurers' share	50,052						50,052
R0200	Net	22,134						22,134
	Premiums earned							
R0210	Gross - Direct Business	63,532						63,532
R0220	Gross - Proportional reinsurance accepted	0						0
R0230	Gross - Non-proportional reinsurance accepted	0						0
R0240	Reinsurers' share	42,029						42,029
R0300	Net	21,503						21,503
	Claims incurred							
R0310	Gross - Direct Business	42,053						42,053
R0320	Gross - Proportional reinsurance accepted	0						0
R0330	Gross - Non-proportional reinsurance accepted	0						0
R0340	Reinsurers' share	30,307						30,307
R0400	Net	11,746						11,746
	Changes in other technical provisions							
R0410	Gross - Direct Business	0						0
R0420	Gross - Proportional reinsurance accepted	0						0
R0430	Gross - Non-proportional reinsurance accepted	0						0
R0440	Reinsurers' share	0						0
R0500	Net	0						0
R0550	**Expenses incurred**	12,298						12,298
R1200	**Other expenses**							-5,775
R1300	**Total expenses**							6,523

S.05.02.01

Premiums, claims and expenses by country

Life

		C0150	C0160	C0170	C0180	C0190	C0200	C0210
		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations			Top 5 countries (by amount of gross premiums written) - life obligations		Total Top 5 and home country
R1400								
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
	Premiums written							
R1410	Gross	0						0
R1420	Reinsurers' share	0						0
R1500	Net	0						0
	Premiums earned							
R1510	Gross	0						0
R1520	Reinsurers' share	0						0
R1600	Net	0						0
	Claims incurred							
R1610	Gross	369						369
R1620	Reinsurers' share	369						369
R1700	Net	0						0
	Changes in other technical provisions							
R1710	Gross	0						0
R1720	Reinsurers' share	0						0
R1800	Net	0						0
R1900	**Expenses incurred**	0						0
R2500	**Other expenses**							
R2600	**Total expenses**							0

S.12.01.02

Life and Health SLT Technical Provisions

			Index-linked and unit-linked insurance			Other life insurance						Health insurance (direct business)					
		Insurance with profit participation		Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees	Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, including Unit-Linked)		Contracts without options and guarantees	Contracts with options or guarantees	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150	C0160	C0170	C0180	C0190	C0200	C0210
R0010	**Technical provisions calculated as a whole**								0		0						
R0020	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		0						
	Technical provisions calculated as a sum of BE and RM																
	Best estimate																
R0030	**Gross Best Estimate**								7,414		7,414						
R0080	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default								7,413		7,413						
R0090	Best estimate minus recoverables from reinsurance/SPV and Finite Re								2		2						
R0100	**Risk margin**								0		0						
	Amount of the transitional on Technical Provisions																
R0110	Technical Provisions calculated as a whole								0		0						
R0120	Best estimate								0		0						
R0130	Risk margin								0		0						
R0200	**Technical provisions - total**								7,415		7,415						

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		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	0		0	0		0							0
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross				664	5,875		101	33		0							6,673
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default				5,736	5,141		0	0		0							10,877
R0150	**Net Best Estimate of Premium Provisions**				-5,072	734		101	33		0							-4,204
	Claims provisions																	
R0160	Gross				72,496	20,191		357	530		0							93,574
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default				61,610	17,447		57	243		0							79,356
R0250	**Net Best Estimate of Claims Provisions**				10,886	2,745		300	287		0							14,217
R0260	**Total best estimate - gross**				73,160	26,066		458	562		0							100,246
R0270	**Total best estimate - net**				5,813	3,479		401	319		0							10,013
R0280	**Risk margin**				795	304		21	17		0							1,137
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole				0	0		0	0		0							0
R0300	Best estimate				0	0		0	0		0							0
R0310	Risk margin				0	0		0	0		0							0
R0320	**Technical provisions - total**				73,954	26,370		479	579		0							101,383
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**				67,346	22,587		57	243		0							90,233
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**				6,608	3,783		422	336		0							11,150

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020	Accident year / underwriting year	Underwriting 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											286	286	286
R0160	2011	7,400	26,782	15,622	11,174	9,556	4,856	2,031	828	2,703	273		273	81,225
R0170	2012	7,255	23,974	13,626	6,602	7,689	2,287	8,049	3,025	974			974	73,481
R0180	2013	6,719	23,188	11,791	6,326	4,174	18,379	2,150	962				962	73,689
R0190	2014	6,812	25,248	12,553	4,875	4,199	4,005	9,480					9,480	67,172
R0200	2015	8,296	27,972	11,823	6,134	5,375	6,757						6,757	66,358
R0210	2016	8,699	27,744	12,480	7,029	4,695							4,695	60,647
R0220	2017	6,693	20,443	11,315	4,748								4,748	43,199
R0230	2018	5,298	13,168	5,517									5,517	23,984
R0240	2019	3,779	10,745										10,745	14,524
R0250	2020	3,386											3,386	3,386
R0260												Total	47,823	507,950

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											902	880
R0160	2011	13,553	17,418	12,178	10,075	5,476	3,694	3,332	2,692	637	158		155
R0170	2012	12,261	18,267	12,666	8,792	6,563	10,405	4,672	1,118	496			484
R0180	2013	12,979	20,668	13,324	13,083	18,862	8,214	3,218	2,035				1,985
R0190	2014	15,118	22,115	11,405	11,605	11,456	5,676	1,256					1,225
R0200	2015	17,676	20,347	16,320	14,365	9,899	3,732						3,641
R0210	2016	16,307	28,693	20,339	27,161	24,738							24,149
R0220	2017	20,665	32,230	23,024	17,301								16,910
R0230	2018	15,040	18,212	14,441									14,119
R0240	2019	13,782	17,642										17,273
R0250	2020	13,002											12,755
R0260												Total	93,574

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)	12,138	12,138		0	
R0030	Share premium account related to ordinary share capital	10,080	10,080		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	-12,018	-12,018			
R0140	Subordinated liabilities	5,000		0	5,000	0
R0160	An amount equal to the value of net deferred tax assets	1,742				1,742
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	0	0	0	0
R0290	**Total basic own funds after deductions**	16,941	10,199	0	5,000	1,742
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0			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			0	
R0320	Unpaid and uncalled preference shares callable on demand	0			0	0
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0			0	0
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0			0	
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0			0	0
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	0
R0390	Other ancillary own funds	0			0	0
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	16,941	10,199	0	5,000	1,742
R0510	Total available own funds to meet the MCR	15,199	10,199	0	5,000	
R0540	Total eligible own funds to meet the SCR	16,887	10,199	0	5,000	1,688
R0550	Total eligible own funds to meet the MCR	10,868	10,199	0	669	
R0580	**SCR**	13,376				
R0600	**MCR**	3,344				
R0620	**Ratio of Eligible own funds to SCR**	126.25%				
R0640	**Ratio of Eligible own funds to MCR**	325.00%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	11,941
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	0
R0730	Other basic own fund items	23,959
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	-12,018
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	0
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	544
R0790	**Total Expected profits included in future premiums (EPIFP)**	544

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Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	6		
R0020	Counterparty default risk	4,017		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	7,722		
R0060	Diversification	-1,410		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	10,335		

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	3,041
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**	13,376
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	13,376
	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

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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	2,708

		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	0
R0030	Income protection insurance and proportional reinsurance	0	0
R0040	Workers' compensation insurance and proportional reinsurance	0	0
R0050	Motor vehicle liability insurance and proportional reinsurance	5,813	10,866
R0060	Other motor insurance and proportional reinsurance	3,479	9,366
R0070	Marine, aviation and transport insurance and proportional reinsurance	0	0
R0080	Fire and other damage to property insurance and proportional reinsurance	401	996
R0090	General liability insurance and proportional reinsurance	319	637
R0100	Credit and suretyship insurance and proportional reinsurance	0	0
R0110	Legal expenses insurance and proportional reinsurance	0	0
R0120	Assistance and proportional reinsurance	0	0
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	0
R0140	Non-proportional health reinsurance	0	0
R0150	Non-proportional casualty reinsurance	0	0
R0160	Non-proportional marine, aviation and transport reinsurance	0	0
R0170	Non-proportional property reinsurance	0	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	2	
R0250	Total capital at risk for all life (re)insurance obligations		0

Overall MCR calculation

		C0070
R0300	Linear MCR	2,708
R0310	SCR	13,376
R0320	MCR cap	6,019
R0330	MCR floor	3,344
R0340	Combined MCR	3,344
R0350	Absolute floor of the MCR	3,338
R0400	**Minimum Capital Requirement**	3,344