Tradex Insurance Holdings Limited

Single Group Solvency and Financial Condition Report

For the year ended
31 December 2018

Approved by the Board of Directors

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SUMMARY

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

This is a single Group Solvency and Financial Condition Report (SFCR) that 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 is the third such report and was produced on 15 May 2019.

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 2018 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 2018.

REVIEW OF THE BUSINESS AND PERFORMANCE

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

The Company continues to operate a specialist commercial motor business. Business underwritten in recent years has continued to perform well, particularly when compared to the overall motor insurance market. The Company reviews its underwriting portfolio on a regular basis and has continued the trend from previous years of increasing its proportion of Motor Trade business written whilst reducing the amount of Taxi and Black Cab business (including taxi fleets). Pricing during the year remained competitive for Taxi and Black Cab business which, whilst profitable, is less so than Motor Trade business. Going forward, the Company intends to continue this strategy.

In Q1 2018, the Company finalised a fully collateralised Loss Portfolio Transfer Agreement (LPTA) by which it has transferred the risk of deterioration in respect of 2017 and prior underwriting years to a reinsurer in exchange for the payment of a premium. This means that the risk of any deterioration in ultimate losses beyond a set limit for all years up to and including the 2017 underwriting year has been transferred to the reinsurer. The LPTA is to be followed by a Part VII transfer to the reinsurer whereby they will assume a legal transfer of all liabilities and therefore any residual risk will be eliminated from the Company's balance sheet. The Part VII transfer is expected to complete within the next 12 months.

In the previous reports it was noted that the Government has announced a review into the methods used for setting the Ogden rate and a draft bill has recently been tabled in Parliament that proposes the Ogden discount rate should mirror what claimants earn on investment of the lump sums they are awarded. Based on current investment conditions, indications are that the Ogden discount rate would be set between 0% and 1%. Subject to the outcome of the current review by the Government of the Ogden rate/ future process for setting it, any upward revision to the Ogden rate should have a positive impact. No allowance has been made for any potential benefit from a future positive change in the rate.

GOVERNANCE

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

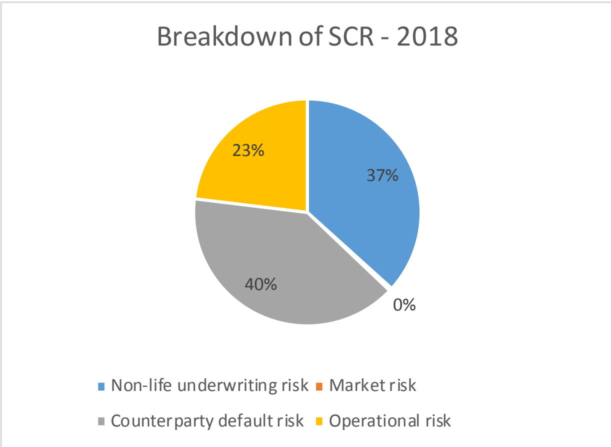
Whilst the governance structure of the Company has not changed materially in the year to 31 December 2018 and up to the date of this report, there have been some changes to the Board composition and committee structure. These are detailed in B 1.1 below.

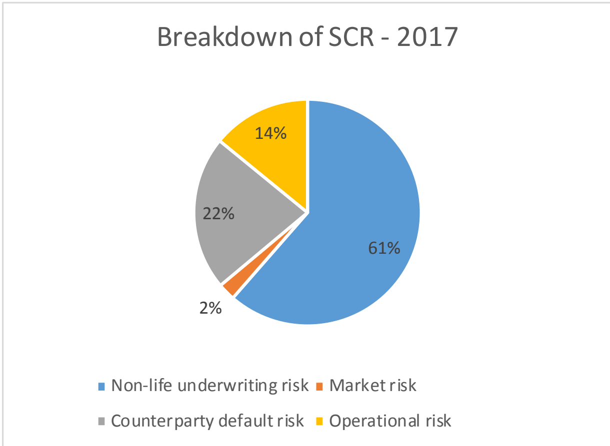
The Company has continued to follow a "three lines of defence" approach to the control of risk. Further details are provided in section B.3 below.

RISK PROFILE

The Group's risk profile is the same as that of the Company. The risk profile of the Company changed during 2018 as a result of the LPTA which significantly reduced the underwriting risk and the overall solvency capital requirement (SCR).

The charts below provide a breakdown of the SCR post-diversification between modules as at 31 December 2018 and 31 December 2017.





Underwriting risk now accounts for circa 37% of the capital requirements. This is the risk that claims and related expenses are greater than expected and that the reserves and premiums are insufficient to cover those liabilities. The implementation of the LPTA mitigates the impact on capital from potential prior year reserve deterioration.

The Company continues to make use of extensive reinsurance arrangements provided by highly rated reinsurers. As a result of the reduced underwriting risk, the counterparty risk and operational risk are now higher as a % of the capital requirements.

VALUATION FOR SOLVENCY PURPOSES

There have been no changes 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.

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).

The main areas of difference between UK GAAP and Solvency II remain in the valuation of technical provisions, associated reinsurance recoverables and related deferred taxation.

CAPITAL MANAGEMENT

During the year, the Company changed the terms of £2m of its existing subordinated debt which previously counted as Tier 2 capital. The revised instrument, unsecured perpetual loan notes, now qualifies as Tier 1 (restricted) capital. The unsecured perpetual loan notes are accounted for as equity under UK GAAP.

In early 2018, the Company changed its method of accounting for reinsurance contracts. This has eliminated any exposure to negative impact on capital resources from reinsurance commission arrangements. Taken together with the

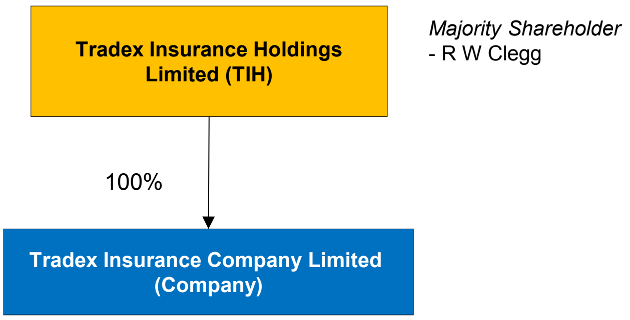
LPTA this has the effect of obviating the need to hold capital against prior year reserve deteriorations as a result the PRA has agreed that a Capital Add-on is no longer required.

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 2018 is shown below:



Group undertakings	Country of Registration	Principal Activity	Percentage held 2018	Percentage held 2017
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
25 The North Colonnade
London E14 5HS

A.1.2. AUDITORS

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

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

A.1.3. SHAREHOLDERS

The major shareholdings in TIH ordinary shares as at 31 December 2018 are summarised below:

Shareholder	% held
• Royston W Clegg	84.9
• Shirley A Bellamy	8.7
• Tradex Executive Pension Fund*	4.0

* 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-18 Gross Premium Written £000	31-Dec-18 Net Underwriting Result £000	31-Dec-17 Gross Premium Written £000	31-Dec-17 Net Underwriting Result £000
Motor Liability	57,534	(4,744)	84,397	1,667
Liability	1,110	(267)	2,051	1,179
Premises	1,092	670	1,705	839
	59,736	(4,341)	105,890	3,685

The premium payment for the LPTA which was signed in Q1 2018 has resulted in an overall deficit in the underwriting result for 2018 compared to 2017.

A.3. INVESTMENT PERFORMANCE

TIH's investments comprise predominantly cash or cash equivalents. The income on these investments for the year ended 31 December 2018 and 2017 has been immaterial.

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

	2018 Actual Value £000	2018 Actual Income £000	2017 Actual Value £000	2017 Actual Income £000
Property	-	-	-	125
Debt Securities and other Fixed Income Securities	-	(30)	7,960	20
Deposits with Credit Institutions	-	-	2,572	123
Loans	9,491	345	8,741	167
Cash	8,358	33	16,089	14
	17,849	348	35,362	449

The Company property was sold in December 2017.

The Debt Securities and other Fixed Income Securities were sold in early 2018 to facilitate payment of the LPTA premium.

Investment management expenses amounted to £nil for the year ended 31 December 2018 (2017- £46k).

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

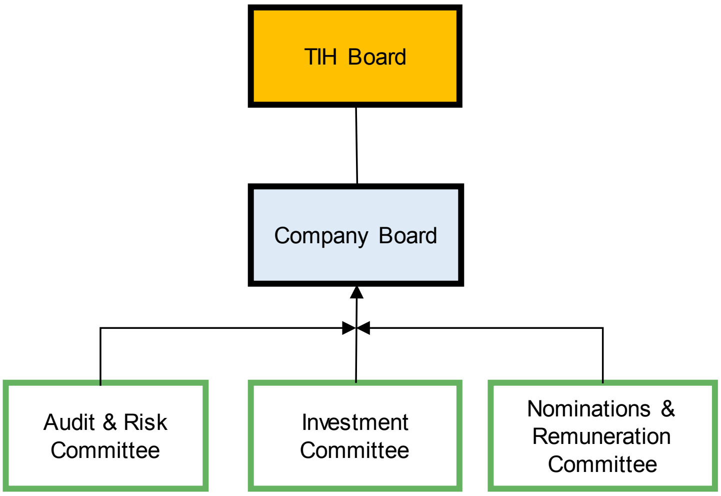
The Company, being a UK based motor insurer, is largely unaffected by the current ongoing Brexit discussions.

Whilst the Company has significant exposures to EU reinsurers, the UK Government has introduced draft legislation, a Temporary Permissions Regime, that will allow EEA firms currently passporting into the UK to continue operating in the UK for up to three years after exit, while they apply for full authorisation from the UK regulators. Alongside the temporary permissions regime, the Government introduced further draft legislation (Financial Services Contracts Regime - FSCR), to ensure existing contractual obligations not covered by the temporary permissions regime can continue to be met. The draft FSCR legislation will provide a limited period (15 years) during which EEA passporting firms can continue to service UK contracts entered into prior to exit, in order to wind down their UK business in an orderly fashion.

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 various 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 relevant operates within an established framework of an effective system of internal control, risk management and compliance;
- Ensure that the solvency capital requirements and minimum capital requirements are maintained at all times;
- Ensure that the business is conducted in an efficient and effective manner;

In addition, the Company's Board (herein after referred to as 'the 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 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 committee, for example the Chief Executive Officer, Chief Financial Officer, representatives of Internal Audit and External Audit, Chief Actuary, Risk Officer and Head of Compliance. The Risk Officer attends each Board meeting and the Risk 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 capacity, measurement of adherence to the agreed risk capacity 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 is chaired by one of them. 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 Chairperson 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.

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

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 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 reviews 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 monitor 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:

- To set the price of all offerings to customers
- To review and approve the risk selection framework
- To monitor and recommend strategic changes to relationships with intermediaries
- To monitor market developments in products and prices
- To monitor the quality and timeliness of data submitted to the Motor Insurance Database

The Underwriting Committee membership consists of Executive Directors and is chaired by the Underwriting Director. 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 no active investment management is being undertaken.

The Investment Committee membership consists of both Executive and Non-Executive Directors and is chaired by a Non-Executive Director. The Investment Committee will normally meet annually but can meet 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 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

Whilst the governance structure of the Company has not changed materially in the year to 31 December 2018 and up to the date of this report, the changes have been as follows:

Board composition

- Andrew Whitehouse was appointed in August 2018 as an Independent Non- Executive Director and as Chair of the Audit & Risk Committee. Following Andrew's appointment, John Clark stepped down. Andrew previously was the Group Finance Director and Chief Risk Officer at a FTSE 250 insurer.
- Matt Austin, Claims & Performance Director, resigned in July 2018. The Chief Executive Officer has assumed his responsibilities going forward.
- Toby Clegg, a Non-Executive Director resigned in October 2018.

Committee Structure

- The Reserving committee roles and responsibilities were merged into the Audit & Risk committee. The Chief Actuary is now invited to all Audit & Risk committee meetings.
- The terms of reference of the Remuneration Committee were expanded to include responsibility for considering nomination proposals for Board and senior management (committee is now called the Nominations and Remuneration committee).

The composition of the Company Board at 30 April 2019 is shown below:

Position	Director
Non- Executive Chairman	Garry Fearn
Non-Executive Director	Andrew Whitehouse
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 £5,301 (2017: £5,723k), is unsecured, and is repayable over 5 years with a minimum payment of £1m per annum. The outstanding amount bears interest at a benchmarked market rate of 4% over LIBOR.
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 (2017: £5,000k). The loan bears an interest rate of 10% per annum for

the year (2017 the first 6 months – 15% and thereafter at the rate of 10% per annum). Interest of £500k (2017 -£625k) was charged during the year.

iii. In 2017, the Company had a £2,000k subordinated loan note from Clegg Gifford & Co Limited which was unsecured, bore interest at 20% per annum up to September 2017 and 10% thereafter, and was subject to a minimum of 5 years' notice of repayment. During 2018 the terms of the instrument were revised and re-designated as unsecured perpetual tier 1 loan notes that are accounted for as equity under UK GAAP. These notes are repayable at the option of the Company after more than 10 years, bear interest at 10% and have loss absorbency features of Tier 1 capital. Interest of £200k (2017 -£350k) was charged during the year.

iv. The Company occupies leasehold premises which are owned by Clegg Gifford & Co Limited. Rentals amounting to £49k (2017: £5k) have been charged during the year. Previously, the Company occupied office premises which were owned by R W Clegg and RWC Investments Limited, a company partially owned and controlled by R W Clegg. Rentals amounting to £311k were charged during 2017.

v. 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 £2,815k (2016- £2,756k). 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 £59k (2017 - £52k).

vi. Clegg Gifford & Co Limited placed motor and household related insurance premiums with the Company amounting to a gross written premium of £59,837k (2017 - £88,540k) on which Clegg Gifford & Co Limited earned brokerage of £13,055k (2017 - £19,919k). At the year-end amounts due were £11,924k (2017 - £10,759k).

vii. During the year the Company charged net expenses of £730k to Clegg Gifford & Co Limited (2017 - £2,845k net expenses incurred from Clegg Gifford & Co Limited) and earned £538k (2017 - £598k) from a premium finance facility administered by them on the Company's behalf. The amount owed at the year-end was £808k (2017 - £3,956k).

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 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:

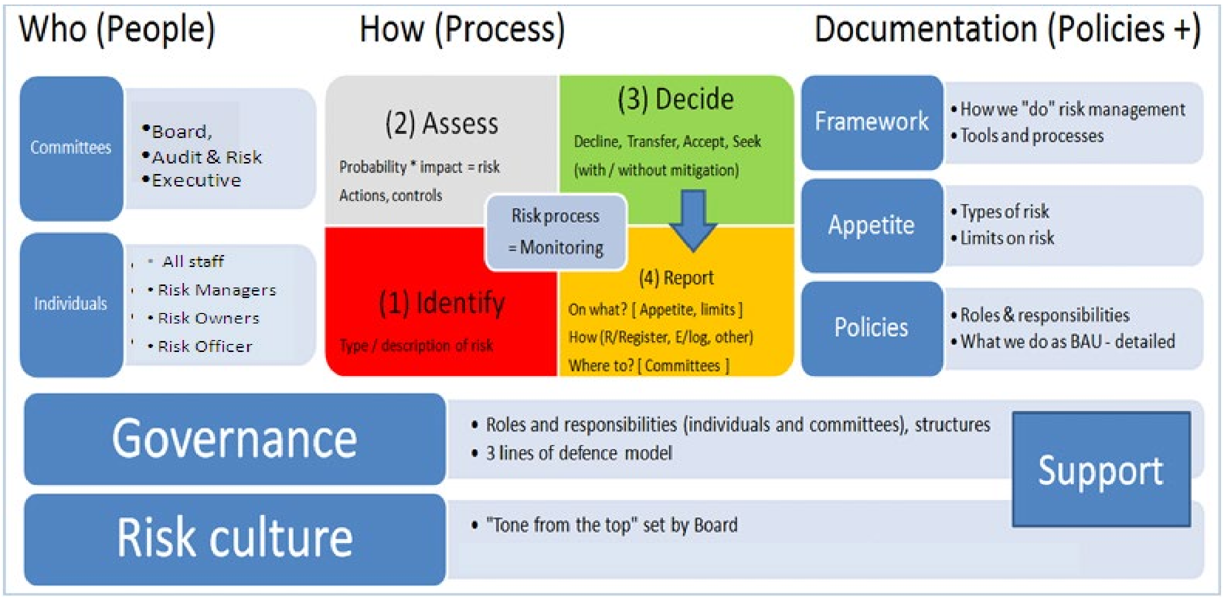
- References, from past employers;
- Qualification and professional registration checks;
- Right to work checks;
- Proof of identity checks;
- Disclosure & barring service checks
- Search of insolvency and bankruptcy register; Equifax and or Experian checks
- Search of disqualified directors register.

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 Actuarial Limited
Head of Compliance	Leon Harrison

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

Core elements	Description
	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.
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 at least annually, following which the detailed risk registers are presented to and reviewed by the Audit & Risk Committee.

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 considers risks and extreme scenarios that could render the business model as non-viable.

The ORSA process is conducted throughout 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, other Committees 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 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 include 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 and the Chief Financial Officer 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 Actuarial Limited
- Investment management to two professional investment managers, EFG Private Bank Ltd and SG Hambros Bank (Channel Islands) Limited
- Certain claims handling activities to Clegg Gifford & Co Limited.
- In 2017 provision of claims legal services were outsourced to DAC Beachcroft LLP, Horwich Farrrelly, Kennedys Law LLP, and BLM. These services are now provided via Clegg Gifford & Co Limited.
- Delegated underwriting authority to Clegg Gifford & Co Limited.
- Provision of IT support activities to Arxsis Ltd

The Company is reliant on third parties for systems hosting and file storage.

All these providers are located within the United Kingdom, except for SG 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 material matters in respect to the system of governance

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
- Late large loss reporting or development
- Inadequate case estimates and IBNR provision

Inadequate Premium Rates

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.
- 2nd 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 purchases an excess of loss reinsurance programme to protect the motor and liability accounts and provides unlimited cover for each and every loss in excess of £1m for the 2018 underwriting year, all other prior years being covered by the LPTA agreement. Property risks are protected by coinsurance on an individual basis where the exposure is greater than the Company's risk appetite.

Risks are written throughout the UK and Channel Islands with a wide geographical spread. Any high concentration of risk in a particular area is monitored through the Underwriting Committee. This reduces the likelihood of a catastrophe event causing a major loss. Although such events have occurred and affected individual policyholders, experience to date has had limited impact on the Company. Such losses are also protected by the excess of loss reinsurance programme.

Reserving

Estimation of the ultimate costs of claims represents the greatest degree of uncertainty to the Company.

The Company utilises an external, independent qualified actuary to assess the ultimate gross claims liabilities, including the provision for Incurred but Not yet Reported Claims (IBNR). In arriving at the ultimate liability multiple techniques are used. This provides a greater understanding of the trends inherent in the experience being projected. The projections given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business segment and the extent of the development of each underwriting year.

For 2017 and prior years, the LPTA will protect the Company from deterioration arising from all losses (including Large Losses) beyond a set limit – there are additional contingency payments arising on reserve deterioration that are due from the Company. These contingency payments have been fully allowed for in arriving at the capital resources.

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 has reinsured on a quota share basis by business lines with several major reinsurance companies. This reinsurance protection limits the impact to profitability from reserve deterioration.

Risk sensitivity for underwriting risks

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

Underwriting sensitivities	**Solvency impact**
	£'000
5% fall in prices from planned levels	(212)
5% fall in prices and volumes from planned levels	(269)
1% increase in ultimate loss ratios	(185)

C.2. MARKET RISK

Market risk arises where the value of assets and liabilities change as a result of movements in foreign exchange rates, interest rates, inflation rates and market prices. Substantially, 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 liquidated in Q1 2018 to pay the premium for the LPTA. The forward-looking business plans do not foresee a build-up of any significant investment balances during the plan period 2019-2021.

Within the forward-looking business plans, as the surplus funds build up, it is not envisaged that there will be any change to 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.

Going forward, 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. As a result, the Company's solvency ratio is not sensitive to market risk.

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 reinsurers may fail to pay their share of valid claims against a reinsurance contract held by the Company. In addition, credit risk arises on the recoverability of reinsurers' share of claims 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	(520)
5% drop in estate recovery upon insolvency of Clegg Gifford	(600)

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 2018 and 2017 are summarised in the table below. The Group's financial statements, and Solvency II Balance sheet are similar to the Company's with the addition of some cash amounts held in a bank account at TIH level.

Item	2018 UK GAAP Value £'000	2017 UK GAAP Value £'000	Summary of Financial Statement Basis	2018 Solvency II Value £'000	2017 Solvency II Value £'000	Summary of Solvency II Basis
Assets						
Financial Investments – Government /Corporate bonds	-	7,960	Mark to market	-	7,868	Mark to market. Accrued interest reclassified to other debtors.
Financial Investments - Deposits	-	2,572	Cost	-	2,572	Mark to market
Financial Investments - Cash	8,358	16,089	Cost	8,358	16,089	Mark to market
Plant & Equipment	3,690	3,653	Lower of amortised cost or net realisable value	3,690	3,653	Fair value (simplification)
Insurance & Intermediary receivables	13,202	21,398	Best Estimate of recoverable value. No discounting as amounts due within one year.	3,816	5,248	Values per financial statements. Under Solvency II premium amounts not yet due are reclassified to premium provisions
Reinsurance receivables	-	1,089	Best Estimate of recoverable value. No discounting as amounts due within one year.	-	1,169	Values per financial statements adjusted for unwind of unearned premium reserves
Receivables other	13,278	14,246	Best Estimate of recoverable value. Amounts due over one year bear interest at market rates.	13,278	13,891	Fair value - measured using discounted cash flow method. Accrued interest reclassified here

						from financial investments.
Deferred Tax asset	1,105	3,341	Prudent estimate of expected tax benefit arising from timing differences over the 3-year business planning horizon	1,234	3,414	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.

Government Debt securities and Corporate debt securities are valued by verifying to quoted prices obtained from quoted market prices in active markets. The Debt Securities and other Fixed Income Securities were sold in early 2018 to facilitate payment of the LPTA premium.

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 system. 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.

Insurance & Intermediary receivables
Insurance & Intermediary receivables represents best estimate of recoverable value from policyholders/ intermediaries. Under Solvency II premiums receivable not yet due, of £9,386k (2017 - £16,151k), 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 tax rates expected to apply when these timing differences crystallise. This assumes that the expected future profits will arise. The Solvency II value is based on the audited financial statement value, adjusted for the tax on the valuation adjustments undertaken to arrive at Solvency II values, in particular for technical provisions.

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-18			31-Dec-18	31-Dec-18
	Best Estimate liabilities			Risk	Net Technical
	Gross	Reinsurance recoverable	Reclassification	Margin	Provisions
	£'000	£'000	£'000	£'000	£'000
Motor Vehicle liability Insurance	86,663	(80,833)	(6,101)	432	162
Other motor Insurance	35,878	(32,578)	(3,285)	244	259
Fire and other damage to property insurance	441	(351)	-	7	97
General liability	3,023	(2,915)	-	8	116
Legal Expenses	5	(5)	-	0	0
Annuities stemming from non-life insurance contracts*	7,313	(7,311)	-	0	2
Total	133,323	(123,992)	(9,386)	691	637

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

Line of Business	31-Dec-17			31-Dec-17	31-Dec-17
	Best Estimate liabilities			Risk	Net Technical
	Gross	Reinsurance recoverable	Reclassification	Margin	Provisions
	£'000	£'000	£'000	£'000	£'000
Motor Vehicle liability Insurance	88,685	(75,744)	(11,790)	965	2,116
Other motor Insurance	44,495	(37,748)	(4,361)	907	3,292
Fire and other damage to property insurance	744	(384)	-	101	462
General liability	2,338	(1,117)	-	342	1,564
Legal Expenses	5	-	-	1	6
Annuities stemming from non-life insurance contracts*	7,971	(7,969)	-	-	2
Total	144,239	(122,963)	(16,151)	2,317	7,442

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 reduced as 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 of 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 to £260k for the 2018 Underwriting year. In addition, majority of the business relates to Motor Road Risk (95%) which is not subject to latent exposure.

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 2019.
- 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 2018.

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 2018, 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	**2018 Financial Statements Value £'000**	**2018 Solvency II Value £'000**	**2017 Financial Statements Value £'000**	**2017 Solvency II Value £'000**
Assets -A				
Reinsurance Recoverable on Best Estimate liabilities	116,397	123,992	107,807	122,963
Reinsurance Recoverable on Unearned Premium Provisions	21,283		32,983	
Deferred Acquisition costs	7,872	-	11,232	-
Sub total	*145,552*	*123,992*	*152,022*	*122,963*
Liabilities - B				
Best Estimate liabilities	120,670	123,937	123,249	128,088

Unearned Premium Provisions	27,829	-	40,905	-
Deferred Acquisition costs	5,284	-	9,811	-
Risk Margin		691	-	2,317
Sub total	*153,782*	*124,629*	*173,965*	*130,405*
Net Technical Provisions B-A	***8,230***	***637***	***21,943***	***7,442***

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. Some of the more important ones are listed below and which are explained in more detail in D2.1 and 2.2 above):

- Movement to a cash-flow basis for valuation of both gross business and outwards reinsurance. This results in the removal of the requirements to hold an unearned premium reserve. Instead these are replaced by "premium provisions", valued on expected ultimate loss ratios on a best estimate basis
- A reclassification adjustment from the insurance receivable asset that reduces the technical provisions by future premium cash inflows for premiums not yet due on incepted business - £9,386k; (2017-£16,151k)
- Introduction of the valuation of very low probability extreme events including latent claims, referred to as "Events not in Data" (ENIDs)
- Introduction of discounting
- Introduction of the calculation of a Risk Margin
- Movement to recognising contracts on a "legal obligation basis". This results in the inclusion of business currently not valued as part of technical provisions

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	2018 UK GAAP Value £000	2017 UK GAAP Value £000	Summary of Financial Statement Basis	2018 Solvency II Value £000	2017 Solvency II Value £000	Summary of Solvency II Basis
Liabilities						
Reinsurance payables	14,794	22,505	Stated at amounts due. No discounting	14,344	22,381	Amount discounted for time value
Other Creditors	876	3,003	Stated at amounts due. No discounting	876	3,003	Same as financial statement value. No discounting as amounts short term.
Subordinated Debt	5,000	7,000	At Cost	7,000	7,000	Subordinated debt qualified as own funds under Solvency II.

At 31 December 2018 and 2017, 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:	2018 £'000	2017 £'000
Tier 1		
Unsecured perpetual tier 1 loan notes	**2,000**	**-**
Tier 2		
Amount repayable in more than 5 years	-	2,000
Amount repayable in more than 10 years	5,000	5,000
	5,000	**7,000**
Total	7,000	7,000

i. The £2m subordinated loan note from Clegg Gifford & Co Limited was included in Tier 2 own funds, under PRA rules for transitional measures. During 2018 the instrument terms were amended, and these have been re-designated as unsecured perpetual tier 1 loan notes that are shown as equity under UK GAAP. The PRA has confirmed these can now be included as Tier 1 (Restricted) Capital from May 2018.
ii. The £5m subordinated loan note is from Clegg Gifford & Co Limited. The terms of the Subordinated Loan Note have subsequently been amended so that from May 2017 it was available for inclusion within own funds Tier 2 capital for Solvency II purposes.

In order to be accepted as Tier1 and Tier 2 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 each of 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 in the future. As explained in the Executive Summary (under risk profile), the implementation of the LPTA together with the change in the accounting for reinsurance commissions will enable the Company and the Group to achieve this target.

The Company holds regular meetings of senior management, which are at least quarterly, in which the ratio of eligible own funds over SCR and MCR are 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	2018 Company £'000	2018 Group £'000	2017 Company £'000	2017 Group £'000	Detail
Capital Instrument					
Tier 1 - Ordinary Equity	6,285	6,285	14,208	14,224	Comprised of share capital, share premium, revaluation reserves and reconciliation reserves*. Held by TIH at Tradex Insurance Company Ltd level and by private shareholders at the Group level.
Restricted Tier 1 - unsecured perpetual loan notes	2,000	2,000	-	-	Unsecured perpetual tier 1 loan notes. Held by Clegg Gifford & Co Limited
Tier 2 - Subordinated Debt	5,000	5,000	7,000	7,000	The subordinated loan note is held by Clegg Gifford & Co Limited.
Tier 3 - Reserves	1,234	1,234	3,414	3,414	Tier 3 Reserves relate to the Deferred Tax asset
Total pre-tiering restrictions	14,519	14,519	24,622	24,638	

*The reconciliation reserve represents retained earnings and any revaluation reserves after taking account of reconciliation adjustments from UK GAAP balance sheet to SII balance sheet. During 2017, following the sale of the Company property, the revaluation reserve was fully realised.

Changes in Own Funds
The changes in the Group own funds during the year under Solvency II are similar to those at the Company level.

The changes in own funds at the Company level are given below:

Company

Change in Own Funds	Tier 1	Tier 1 Restricted	Tier 2	Tier 3	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 Jan 2018	14,208	-	7,000	3,414	24,622
Unsecured perpetual loan notes		2,000			2,000
Tier 2 debt re-designation			(2,000)		(2,000)
Results for the year under Solvency II	(7,923)		-	(2,180)	(10,103)
Bal at 31 December 2018 Pre-tiering limits	6,285	2,000	5,000	1,234	14,519

E.1.3. ELIGIBILITY OF OWN FUNDS

Basic Own Funds	Company & Group 31/12/2018		
	Pre- tiering	tiering restrictions	Post tiering
	£'000	£'000	£'000
Tier 1 capital	8,285	(429)	7,857
Tier 2 capital	5,000	(419)	4,582
Tier 3 capital	1,234	(1,234)	-
	14,519	**(2,081)**	**12,438**

	2018 Company £'000	2018 Group £'000	2017 Company £'000	2017 Group £'000
Post SCR tiering limits				
Tier 1 capital	7,857	7,857	14,208	14,224
Tier 2 capital	4,582	4,582	7,000	7,000
Tier 3 capital	-	-	3,414	3,414
Eligible Own Funds to meet SCR	12,438	12,438	24,622	24,638
SCR	9,163	9,163	23,147	23,148
SCR coverage %	136%	136%	106%	106%
Eligible Own Funds to meet MCR	8,514	8,514	15,365	15,381
MCR	3,288	3,288	5,787	5,787
MCR coverage %	259%	259%	266%	266%

Notes on Capital tiering restrictions

The following capital tiering restrictions applied to own funds eligible to cover SCR as at end 2018

i. Tier 1 – 0.4m. The £2m unsecured perpetual tier 1 loan notes has been restricted to 20% of total tier 1
ii. The Tier 2 + Tier 3 < 50% SCR restriction mean that part of Tier 2 (0.4m) is restricted
iii. The Tier 2 + Tier 3 < 50% SCR restrictions mean that the whole of tier 3 own funds (deferred tax) are restricted to nil.

The capital tiering restrictions in relation to the SCR were not triggered as at end of 2017 at either the Company or Group level.

The Company and Group's Tier 1 and Tier 2 own funds may be used to cover the Minimum Capital Requirements (MCR). However, in addition to the restriction under i above, only 20% of MCR can be covered by Tier 2 capital and hence eligible capital to meet MCR requirements is further restricted to £8,364k at 31 December 2018 (31 December 2017: £15,365k Company and £15,381k Group).

E.1.4. COMPARISON TO FINANCIAL STATEMENT

	2018 Company £'000	**2018 Group £'000**	**2017 Company £'000**	**2017 Group £'000**
Equity per Financial Statements	10,252	10,252	18,394	18,410
Adjustment for Solvency II valuations:	(733)	(733)	(772)	(772)
Subordinated Debt recognised as Own Funds under Solvency II	5,000	5,000	7,000	7,000
Own Funds under Solvency II	14,519	14,519	24,622	24,638

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	2018 Company £'000	2018 Group £'000	2017 Company £'000	2017 Group £'000
Underwriting Risk	3,879	3,879	15,692	15,692
Market Risk	44	44	632	632
Counterparty Risk	4,206	4,206	5,632	5,633
Diversification	(1,112)	(1,112)	(2,066)	(2,066)
	7,016	7,016	19,890	19,891
Operational Risk	2,105	2,105	3,257	3,257
Solvency Capital requirement (SCR)	9,121	9,121	23,147	23,148
Minimum Capital Requirement (MCR)	3,288	3,288	5,787	5,787
MCR as % of SCR	36%	36%	25%	25%

The Company and the Group calculate its SCR in accordance with the standard formula (SF) prescribed in the Solvency II regulations, together with a voluntary add-on in 2017 in respect of its reinsurance arrangements, which had been agreed with the PRA. Following the LPTA transaction and changes to the manner of accounting for the sliding scale commission arrangements with our quota share reinsurers, the Board now consider that the risk profile of the Company is more closely aligned to the assumptions underlying the SF without the need for a capital add-on. As a result, from early 2018 onwards, the PRA has agreed that no capital add-on is now necessary under Pillar 1, subject to an ongoing annual review.

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

The MCR for 2018 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 2018.

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 2018

We 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. we 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 future.

Nick Taylor
Chief Executive Officer
For and on behalf of the Board of Directors
Date: 17 May 2019

Tradex Insurance Holdings Limited

Solvency and Financial Condition Report

Disclosures

31 December

2018

(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 2018
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	1,234
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	3,618
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	0
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	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*	0
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:	123,992
R0280	*Non-life and health similar to non-life*	116,681
R0290	*Non-life excluding health*	116,681
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	7,311
R0320	*Health similar to life*	0
R0330	*Life excluding health and index-linked and unit-linked*	7,311
R0340	*Life index-linked and unit-linked*	0
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	3,816
R0370	Reinsurance receivables	0
R0380	Receivables (trade, not insurance)	13,280
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	8,374
R0420	Any other assets, not elsewhere shown	0
R0500	**Total assets**	154,313

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	117,316
R0520	*Technical provisions - non-life (excluding health)*	117,316
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	116,625
R0550	*Risk margin*	691
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)	7,313
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)*	7,313
R0660	*TP calculated as a whole*	0
R0670	*Best Estimate*	7,313
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	14,344
R0840	Payables (trade, not insurance)	876
R0850	Subordinated liabilities	7,000
R0860	*Subordinated liabilities not in BOF*	0
R0870	*Subordinated liabilities in BOF*	7,000
R0880	Any other liabilities, not elsewhere shown	0
R0900	**Total liabilities**	146,848
R1000	**Excess of assets over liabilities**	7,465

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				27,616	29,917		1,092	1,110		0							59,736
R0120	Gross - Proportional reinsurance accepted				0	0		0	0		0							0
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share				41,580	45,045		546	627		0							87,798
R0200	Net				-13,964	-15,128		546	483		0							-28,062
	Premiums earned																	
R0210	Gross - Direct Business				33,530	36,325		1,397	1,560		0							72,812
R0220	Gross - Proportional reinsurance accepted				0	0		0	0		0							0
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share				47,009	50,926		698	864		0							99,498
R0300	Net				-13,479	-14,602		698	696		0							-26,686
	Claims incurred																	
R0310	Gross - Direct Business				55,391	17,492		363	1,275		0							74,521
R0320	Gross - Proportional reinsurance accepted				0	0		0	0		0							0
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share				73,886	23,332		181	662		0							98,061
R0400	Net				-18,495	-5,841		181	614		0							-23,541
	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**				8,867	9,199		369	383		0							18,818
R1200	**Other expenses**																	-17,653
R1300	**Total expenses**																	1,165

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						0		0	0
R1620	Reinsurers' share						0		0	0
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	59,736	0	0	0	0	0	59,736
R0120	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0130	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0140	Reinsurers' share	87,798	0	0	0	0	0	87,798
R0200	Net	-28,062	0	0	0	0	0	-28,062
	Premiums earned							
R0210	Gross - Direct Business	72,812	0	0	0	0	0	72,812
R0220	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0230	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0240	Reinsurers' share	99,498	0	0	0	0	0	99,498
R0300	Net	-26,686	0	0	0	0	0	-26,686
	Claims incurred							
R0310	Gross - Direct Business	74,521	0	0	0	0	0	74,521
R0320	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0330	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0340	Reinsurers' share	98,061	0	0	0	0	0	98,061
R0400	Net	-23,541	0	0	0	0	0	-23,541
	Changes in other technical provisions							
R0410	Gross - Direct Business	0	0	0	0	0	0	0
R0420	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0430	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0440	Reinsurers' share	0	0	0	0	0	0	0
R0500	Net	0	0	0	0	0	0	0
R0550	**Expenses incurred**	18,818	0	0	0	0	0	18,818
R1200	**Other expenses**							-17,653
R1300	**Total expenses**							1,165

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	0	0	0	0	0
R1420	Reinsurers' share	0	0	0	0	0	0	0
R1500	Net	0	0	0	0	0	0	0
	Premiums earned							
R1510	Gross	0	0	0	0	0	0	0
R1520	Reinsurers' share	0	0	0	0	0	0	0
R1600	Net	0	0	0	0	0	0	0
	Claims incurred							
R1610	Gross	0	0	0	0	0	0	0
R1620	Reinsurers' share	0	0	0	0	0	0	0
R1700	Net	0	0	0	0	0	0	0
	Changes in other technical provisions							
R1710	Gross	0	0	0	0	0	0	0
R1720	Reinsurers' share	0	0	0	0	0	0	0
R1800	Net	0	0	0	0	0	0	0
R1900	**Expenses incurred**	0	0	0	0	0	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)	9,931	9,931		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	8,287	8,287		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	-11,986	-11,986			
R0140	Subordinated liabilities	7,000		2,000	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	1,234				1,234
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**	14,465	6,232	2,000	5,000	1,234
	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)	14,465	6,232	2,000	5,000	1,234
R0530	Total available own funds to meet the minimum consolidated group SCR	13,232	6,232	2,000	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)	12,373	6,232	1,558	4,583	0
R0570	Total eligible own funds to meet the minimum consolidated group SCR (group)	8,447	6,232	1,558	658	
R0610	**Minimum consolidated Group SCR**	3,288				
R0650	**Ratio of Eligible own funds to Minimum Consolidated Group SCR**	256.89%				
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)**	12,373	6,232	1,558	4,583	0
R0680	**Group SCR**	9,167				
R0690	**Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A**	134.98%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	7,465
R0710	Own shares (held directly and indirectly)	0
R0720	Forseeable dividends, distributions and charges	0
R0730	Other basic own fund items	19,452
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**	-11,986
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	0
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	102
R0790	**Total Expected profits included in future premiums (EPIFP)**	102

S.25.01.22

Solvency Capital Requirement - for groups on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	0		
R0020	Counterparty default risk	4,207		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	3,934		
R0060	Diversification	-1,089		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	7,051		

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

		C0100
	Calculation of Solvency Capital Requirement	
R0130	Operational risk	2,115
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**	9,167
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement for undertakings under consolidated method**	9,167
	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	3,288
	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**	9,167

S.32.01.22

Undertakings in the scope of the group

	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority
Row	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%	0	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

2018

(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 2018
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	1,234
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	3,618
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	0
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	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*	0
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:	123,992
R0280	*Non-life and health similar to non-life*	116,681
R0290	*Non-life excluding health*	116,681
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	7,311
R0320	*Health similar to life*	0
R0330	*Life excluding health and index-linked and unit-linked*	7,311
R0340	*Life index-linked and unit-linked*	0
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	3,816
R0370	Reinsurance receivables	0
R0380	Receivables (trade, not insurance)	13,278
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	8,358
R0420	Any other assets, not elsewhere shown	0
R0500	**Total assets**	154,295

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	117,316
R0520	*Technical provisions - non-life (excluding health)*	117,316
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	116,625
R0550	*Risk margin*	691
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)	7,313
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)*	7,313
R0660	*TP calculated as a whole*	0
R0670	*Best Estimate*	7,313
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	14,344
R0840	Payables (trade, not insurance)	876
R0850	Subordinated liabilities	7,000
R0860	*Subordinated liabilities not in BOF*	0
R0870	*Subordinated liabilities in BOF*	7,000
R0880	Any other liabilities, not elsewhere shown	0
R0900	**Total liabilities**	146,848
R1000	**Excess of assets over liabilities**	7,447

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				27,616	29,917		1,092	1,110		0							59,736
R0120	Gross - Proportional reinsurance accepted				0	0		0	0		0							0
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share				41,580	45,045		546	627		0							87,798
R0200	Net				-13,964	-15,128		546	483		0							-28,062
	Premiums earned																	
R0210	Gross - Direct Business				33,530	36,325		1,397	1,560		0							72,812
R0220	Gross - Proportional reinsurance accepted				0	0		0	0		0							0
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share				47,009	50,926		698	864		0							99,498
R0300	Net				-13,479	-14,602		698	696		0							-26,686
	Claims incurred																	
R0310	Gross - Direct Business				55,391	17,492		363	1,275		0							74,521
R0320	Gross - Proportional reinsurance accepted				0	0		0	0		0							0
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share				73,886	23,332		181	662		0							98,061
R0400	Net				-18,495	-5,841		181	614		0							-23,541
	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**				8,867	9,199		369	383		0							18,818
R1200	**Other expenses**																	-17,653
R1300	**Total expenses**																	1,165

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						0		0	0
R1620	Reinsurers' share						0		0	0
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**									
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	59,736	0	0	0	0	0	59,736
R0120	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0130	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0140	Reinsurers' share	87,798	0	0	0	0	0	87,798
R0200	Net	-28,062	0	0	0	0	0	-28,062
	Premiums earned							
R0210	Gross - Direct Business	72,812	0	0	0	0	0	72,812
R0220	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0230	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0240	Reinsurers' share	99,498	0	0	0	0	0	99,498
R0300	Net	-26,686	0	0	0	0	0	-26,686
	Claims incurred							
R0310	Gross - Direct Business	74,521	0	0	0	0	0	74,521
R0320	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0330	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0340	Reinsurers' share	98,061	0	0	0	0	0	98,061
R0400	Net	-23,541	0	0	0	0	0	-23,541
	Changes in other technical provisions							
R0410	Gross - Direct Business	0	0	0	0	0	0	0
R0420	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0430	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0440	Reinsurers' share	0	0	0	0	0	0	0
R0500	Net	0	0	0	0	0	0	0
R0550	**Expenses incurred**	18,818	0	0	0	0	0	18,818
R1200	**Other expenses**							-17,653
R1300	**Total expenses**							1,165

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	0	0	0	0	0
R1420	Reinsurers' share	0	0	0	0	0	0	0
R1500	Net	0	0	0	0	0	0	0
	Premiums earned							
R1510	Gross	0	0	0	0	0	0	0
R1520	Reinsurers' share	0	0	0	0	0	0	0
R1600	Net	0	0	0	0	0	0	0
	Claims incurred							
R1610	Gross	0	0	0	0	0	0	0
R1620	Reinsurers' share	0	0	0	0	0	0	0
R1700	Net	0	0	0	0	0	0	0
	Changes in other technical provisions							
R1710	Gross	0	0	0	0	0	0	0
R1720	Reinsurers' share	0	0	0	0	0	0	0
R1800	Net	0	0	0	0	0	0	0
R1900	**Expenses incurred**	0	0	0	0	0	0	0
R2500	**Other expenses**							0
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**								7,313		7,313						
R0080	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default								7,311		7,311						
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**								7,313		7,313						

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				Total Non-Life obligation
		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	
		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				1,141	6,110		176	108		0							7,536
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default				5,470	6,025		88	54		0							11,637
R0150	**Net Best Estimate of Premium Provisions**				-4,329	85		88	54		0							-4,101
	Claims provisions																	
R0160	Gross				78,389	27,515		265	2,915		5							109,089
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default				75,363	26,553		262	2,860		5							105,044
R0250	**Net Best Estimate of Claims Provisions**				3,026	962		2	54		0							4,045
R0260	**Total best estimate - gross**				79,530	33,625		441	3,023		5							116,625
R0270	**Total best estimate - net**				-1,302	1,047		90	108		0							-56
R0280	**Risk margin**				432	244		7	8		0							691
	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**				79,962	33,870		448	3,031		5							117,316
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**				80,833	32,578		351	2,915		5							116,681
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**				-871	1,292		97	116		0							635

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)

	Year	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
		Development year											In Current year	Sum of years (cumulative)
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											-19	-19	-19
R0160	2009	8,315	38,775	21,978	13,645	7,963	5,177	2,713	832	-67	-17		-17	99,313
R0170	2010	9,357	32,721	20,107	11,702	9,426	3,418	1,753	334	138			138	88,956
R0180	2011	7,400	26,782	15,622	11,174	9,556	4,856	2,031	828				828	78,249
R0190	2012	7,255	23,974	13,626	6,602	7,689	2,287	8,049					8,049	69,482
R0200	2013	6,719	23,188	11,791	6,326	4,174	18,379						18,379	70,576
R0210	2014	6,812	25,248	12,553	4,875	4,199							4,199	53,688
R0220	2015	8,296	27,972	11,823	6,134								6,134	54,226
R0230	2016	8,699	27,744	12,480									12,480	48,923
R0240	2017	6,693	20,443										20,443	27,136
R0250	2018	5,298											5,298	5,298
R0260												**Total**	75,911	595,827

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
		Development year											Year end (discounted data)
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											649	624
R0160	2009	19,543	33,817	15,615	7,600	4,862	2,622	1,433	425	578	484		441
R0170	2010	18,556	23,755	13,123	5,769	2,067	-42	343	4,017	2,723			2,621
R0180	2011	13,553	17,418	12,178	10,075	5,476	3,694	3,332	2,692				2,591
R0190	2012	12,261	18,267	12,666	8,792	6,563	10,405	4,672					4,510
R0200	2013	12,979	20,668	13,324	13,083	18,862	8,214						7,943
R0210	2014	15,118	22,115	11,405	11,605	11,456							11,079
R0220	2015	17,676	20,347	16,320	14,365								13,893
R0230	2016	16,307	28,693	20,339									19,670
R0240	2017	20,665	32,230										31,172
R0250	2018	15,040											14,544
R0260												**Total**	109,089

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)	9,931	9,931		0	
R0030	Share premium account related to ordinary share capital	8,287	8,287		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	-12,004	-12,004			
R0140	Subordinated liabilities	7,000		2,000	5,000	0
R0160	An amount equal to the value of net deferred tax assets	1,234				1,234
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**	14,447	6,213	2,000	5,000	1,234
	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	14,447	6,213	2,000	5,000	1,234
R0510	Total available own funds to meet the MCR	13,213	6,213	2,000	5,000	
R0540	Total eligible own funds to meet the SCR	12,348	6,213	1,553	4,582	0
R0550	Total eligible own funds to meet the MCR	8,424	6,213	1,553	658	
R0580	**SCR**	9,164				
R0600	**MCR**	3,288				
R0620	**Ratio of Eligible own funds to SCR**	134.75%				
R0640	**Ratio of Eligible own funds to MCR**	256.19%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	7,447
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	0
R0730	Other basic own fund items	19,451
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	-12,004
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	0
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	102
R0790	**Total Expected profits included in future premiums (EPIFP)**	102

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	0		
R0020	Counterparty default risk	4,204		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	3,934		
R0060	Diversification	-1,089		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	7,049		

		C0100
	Calculation of Solvency Capital Requirement	
R0130	Operational risk	2,115
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**	9,164
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	9,164
	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

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

S.28.01.01

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

	Linear formula component for non-life insurance and reinsurance obligations	C0010
R0010	MCR_{NL} Result	1,273

		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	0	5,993
R0060	Other motor insurance and proportional reinsurance	1,047	6,758
R0070	Marine, aviation and transport insurance and proportional reinsurance	0	0
R0080	Fire and other damage to property insurance and proportional reinsurance	90	546
R0090	General liability insurance and proportional reinsurance	108	483
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		2

	Overall MCR calculation	C0070
R0300	Linear MCR	1,273
R0310	SCR	9,164
R0320	MCR cap	4,124
R0330	MCR floor	2,291
R0340	Combined MCR	2,291
R0350	Absolute floor of the MCR	3,288
R0400	**Minimum Capital Requirement**	3,288