SOUTHERN ROCK HOLDINGS LTD

Solvency and Financial Condition Report

Year End: 31 December 2017

DEFINITIONS

AF	Actuarial Function	**LPT**	Loss Portfolio Transfer
ADC	Adverse Development Cover	**LR**	Loss Ratio
AFR	Actuarial Function Report	**MCR**	Minimum Capital Requirement
ARC	Audit and Remuneration Committee	**MGA**	Managing General Agent
BCD	Business Choice Direct	**MIB**	Motor Insurance Bureau
Committee	Committee of the Board	**ORSA**	Own Risk and Solvency Assessment
COR	Combined Operating Ratio	**QA**	Quality Assurance
CPD	Continuing Professional Development	**QRTs**	Quantitative Reporting Templates
EEA	European Economic Area	**RCIC**	Risk, Compliance, and Investment
EIOPA	European Insurance and Occupational Pensions Authority	**RMF**	Risk Management Framework
ERM	Enterprise Risk Management	**RMR**	Risk Management Report
EU	European Union	**RMSM**	Required Minimum Solvency Margin
FLAOR	Forward Looking Assessment of Own Risks	**RPT**	Related Party Transaction
FV	Fair Value	**SCR**	Solvency Capital Requirement
GAAP	Generally Accepted Accounting Principles	**SFCR**	Solvency and Financial Condition Report
GBP	Pounds Sterling	**SII**	Solvency II
GFSC	Gibraltar Financial Services Commission	**SoG**	System of Governance
Group	Southern Rock Holdings Limited, and its subsidiaries	**SRHL**	Southern Rock Holdings Limited
GVW	Gross Vehicle Weight	**SRICL**	Southern Rock Insurance Company Ltd
IAF	Internal Audit Function	**TPFT**	Third Party Fire and Theft
IBNR	Incurred But Not Reported	**TPs**	Technical Provisions
IPR	Intellectual Property Rights	**UK**	United Kingdom
KPI	Key Performance Indicator	**ULR**	Ultimate Loss Ratio
KRI	Key Risk Indicator	**URC**	Underwriting and Reserving Committee
LCP	Lane Clarke and Peacock	**VAR**	Value at Risk
LGD	Loss Given Default	**XOL**	Excess of Loss

INTRODUCTION

This report is the Solvency and Financial Condition Report ("SFCR") for Southern Rock Holdings Ltd ("SRHL", "the Group") on a group basis as at 31 December 2017. Due to the similarities in risk profile of the SRHL group and that of the main trading entity, Southern Rock Insurance Company Limited ("SRICL", "the Company"), the Gibraltar Financial Services Commission ("GFSC") has approved a waiver such that the Group can produce a single SFCR that covers SRHL and its subsidiaries.

The requirement to produce an SFCR stems from the introduction of Solvency II ("SII") on 1 January 2016, which established an EU-wide set of capital requirements and risk management standards with the aim of increasing protection for policyholders.

The purpose of the SFCR is to provide information on the capital position of the Group at the reporting year end, as required by the Solvency II Delegated Regulations. The structure of the report is determined by the SII Directive and is split into sections to cover the Group's business and performance, system of governance, risk profile, valuation methods used for solvency purposes and its capital management practices.

Unless stated otherwise, all amounts in this report are in GBP (Pounds Sterling).

EXECUTIVE SUMMARY

SECTION A: BUSINESS AND PERFORMANCE

The principal trading subsidiary of SRHL is Southern Rock Insurance Company Limited ("SRICL"). Both entities are registered in Gibraltar. The principal activity of SRICL is the underwriting of UK motor insurance risks; SRHL is the holding company of SRICL and does not trade in its own right. Hence the Group and Solo entities are closely aligned in terms of performance, governance and risk. The main focus of this report is on the activities and solvency of SRICL, as the principal trading entity of the Group.

Throughout the reporting period the Group has continued to develop its infrastructure and underwriting expertise, which has resulted in an improved loss ratio over the prior year. Gross written premium including co-insurance increased by 7.4% to £212.1m in 2017 (2016: £197.4m), with policies in force at the year end of over 351,000, an increase of 30% compared to the previous year (2016: 270,000). Agile pricing and data enrichment contributed to this strong increase. Since 2015 the Group has been writing more comprehensive business, which has resulted in improvements to cancellation rates, customer defaults and ultimate loss ratios.

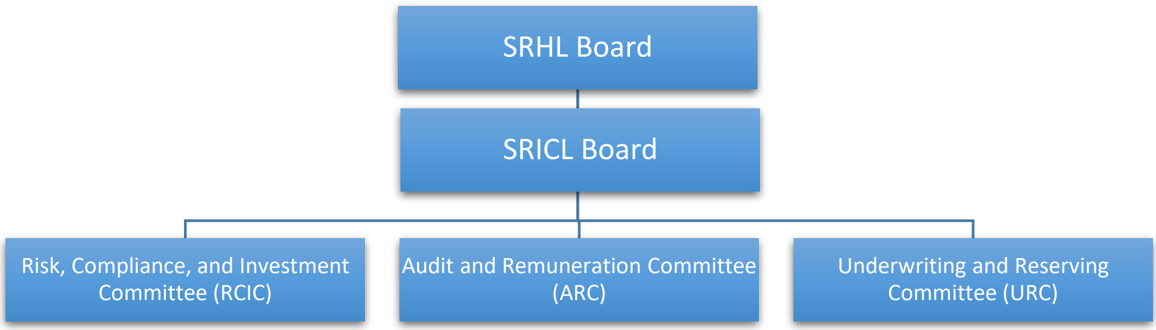
For the year ended 31 December 2017, on a statutory accounting basis SRICL reported a loss after taxation in its financial statements of £4.3m, which was a significant reduction from the loss reported in the previous year (2016: loss £31.9m). However, on an underwriting basis SRICL's underlying business model remains profitable, having invested further during 2017 in enhanced risk rating, pricing techniques and counter-fraud initiatives. Its earned loss ratio for the 2017 underwriting year, as calculated by its independent external actuary, continued the downward trend seen since 2014.

The policies written by the Group are spread across two Solvency II lines of business: 'motor vehicle liability insurance' and 'other motor insurance'. An allocation of the premiums, claims and expenses between these two lines of business is provided in quantitative reporting template ("QRT") S.05.01 included in section F of this report.

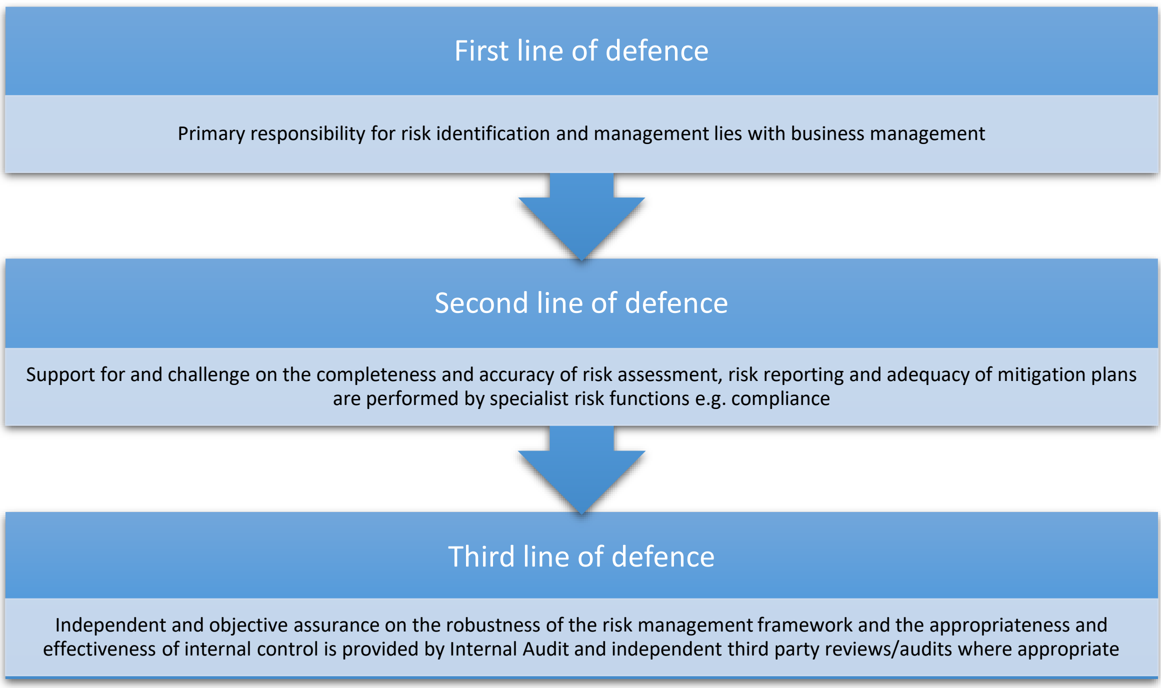
At the reporting period end the Group's solvency ratio of eligible own funds to Solvency Capital Requirement ("SCR") was 117%, an increase of 14 percentage points from the previous year end.

The SRHL Board is responsible for leading and controlling the Group and overall responsibility for setting the strategy and development plans. At the trading entity level, SRICL has established a robust governance framework, with the SRICL Board having responsibility for oversight of the business, its strategy and risk appetite. The SRICL Board ensures that the financial controls and risk management systems are robust, whilst also ensuring that the Company is adequately resourced. A number of key changes have been made to strengthen the knowledge and expertise within the Board and further improve the governance function. The Non-Executive Directors bring a very broad level of experience and independent judgement to the Board and make a valuable contribution to the Company's objectives.

To assist the SRICL Board in carrying out its functions it is supported by three sub-committees that operate under formal terms of reference. The Chairman of each committee reports to the Board on its proceedings after each committee meeting.



SRICL operates a three lines of defence system of governance.



Section B of this report describes the system of governance in place and explains the compliance with the requirements of the Solvency II legislation.

SECTION C: RISK PROFILE

SRICL has developed a Risk Management Framework (“RMF”) to ensure risks are appropriately identified, monitored and managed in line with the Company’s objectives in the short, medium and long term, whilst also ensuring the business is aligned with the regulatory requirement of Solvency II. An integral part of this framework is the Own Risk and Solvency Assessment (“ORSA”), which provides the Company with a key tool to assess and evaluate the risks it faces.

As part of the risk management strategy, SRICL has entered into a number of substantive reinsurance programmes with a panel of robust reinsurance partners, which has effectively reduced its exposure to claims in the 2013 to 2017 underwriting years to just 3% of written premium.

The Group’s Solvency Capital Requirement (“SCR”) by risk module is as follows:

SCR Risk module	2017	
	£m	%
Non-life underwriting risk	4.21	16.1
Counterparty risk	15.33	58.7
Market risk	5.64	21.5
Diversification benefit	*(5.08)*	*(19.4)*
Basic SCR	**20.11**	**-**
Operational risk	6.03	23.1
Total SCR	**26.14**	**100%**

Section C of this report describes the risks to which the Group is exposed and how they are measured, monitored and managed, including any specific risk mitigation actions that have been taken during the reporting period.

SECTION D: VALUATION FOR SOLVENCY PURPOSES

Under SII assets and liabilities are required to be valued at fair value, which is the amount for which they could be exchanged with a third party in an arm's length transaction. The valuation principles are broadly the same as those applied under local GAAP (which the Group uses), with some notable exceptions such as the valuation of deferred acquisition costs and technical provisions.

At the reporting period end, SRICL had SII net assets of £33.2m, compared with £33.0m on a statutory accounting ("GAAP") basis.

The differences in valuation of assets and liabilities are discussed in more detail in Section D of this report.

SECTION E: CAPITAL MANAGEMENT

The SRHL Board considers the Group's capital requirements and future strategic direction over a three-year planning horizon. The target capital coverage of its SCR over this planning horizon is 125%-150%.

The Board are confident that this target will be achieved given the strategic actions already implemented, coupled with future plans which will lead to a reduction in risk for the business.

A summary of the SRHL group's capital position as at 31 December 2017 is shown in the table below:

£m	2017
Tier 1 capital	30.55
Tier 2 capital	-
Tier 3 capital	-
Total Eligible Own Funds	30.55
SCR	26.14
SCR ratio	117%
MCR	6.5
MCR ratio	468%

APPROVAL BY THE BOARD OF DIRECTORS OF THE SOLVENCY AND FINANCIAL CONDITION REPORT

FINANCIAL PERIOD 31ST DECEMBER 2017

We certify that:

1. the Solvency and Financial Condition Report (SFCR) has been properly prepared in all material respects in accordance with the Gibraltar Financial Services Commission (GFSC) rules and Solvency II Regulations; and

2. we are satisfied that:
    a. throughout the financial year in question, the Group has complied in all material respects with the requirements of the GFSC rules and Solvency II Regulations as applicable to the insurer; and
    b. it is reasonable to believe that, at the date of the publication of the SFCR, the insurer has continued so to comply, and will continue so to comply in future.

DIRECTOR

Date:

A. BUSINESS AND PERFORMANCE

A.1 BUSINESS

A.1.1 GENERAL BUSINESS INFORMATION

Name of the undertaking:	Southern Rock Holdings Ltd
Address of its registered office:	Unit 3A-C, Leisure Island Business Centre Ocean Village Promenade Gibraltar, GX11 1AA +44 (0) 344 7765670 +350 200 02396 info@sricl.com
Legal Status:	Private Company Limited by Shares
Name of the financial supervisory authority:	Gibraltar Financial Services Commission
Contact details:	PO Box 940 Atlantic Suites Europort Avenue Gibraltar, GX11 1AA +350 20040283 information@fsc.gi
Name of external auditor:	BDO Gibraltar
Contact details:	5.20 World Trade Centre 6 Bayside Road Gibraltar, GX11 1AA +350 200 47300

A.1.2 MATERIAL LINES OF BUSINESS

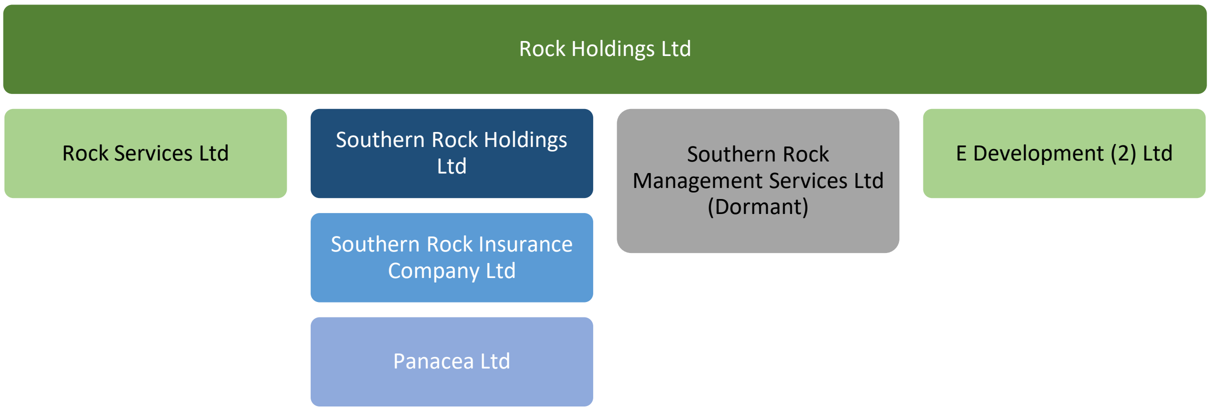
SRHL does not trade. The principal trading activity of SRICL is the underwriting of UK motor insurance risks. For Solvency II reporting purposes, the material lines of business are:

- Motor vehicle liability insurance; and
- Other motor insurance.

SRICL is licensed and regulated by the Gibraltar Financial Services Commission ("GFSC") under the Financial Services (Insurance Companies) Act and authorised to carry out services in the United Kingdom.

SRICL sold 100% into the UK market and did not operate any branches in the year ended 31 December 2017.

A.1.3 COMPANY STRUCTURE



Rock Holdings Ltd (RHL), a company registered in the Isle of Man, owns 100% of the issued share capital of Southern Rock Holdings Ltd (SRHL), a company registered in Gibraltar. SRHL owns 93.6% of the issued ordinary share capital and 89.3% of the issued preference share capital of Southern Rock Insurance Company Ltd (SRICL). The minority holding in issued share capital is held by key management and the ultimate beneficial owner of the Group.

Rock Holdings Ltd also owns 100% of the issued share capital in Rock Services Ltd and E Development (2) Ltd, which are both registered in England and Wales.

SRICL owns 100% of the issued share capital in Panacea Limited, a company registered in Gibraltar.

Southern Rock Management Services Ltd is a dormant company.

A.1.4 QUALIFYING HOLDINGS IN THE UNDERTAKING

During the reporting period and at the end of the reporting period SRHL was 100% owned by Rock Holdings Limited.

A.2 UNDERWRITING PERFORMANCE

During 2017, the Group made significant progress in challenging market conditions amidst global political uncertainty. Gross written premiums including co-insurance increased by 7.4% to £212.1m (2016: £197.4m), with policies in force at year end of over 351,000, an increase of 30% compared to the previous year (2016: 270,000). Agile pricing and data enrichment contributed to this strong increase.

The Group has been writing more comprehensive business since 2015, which has resulted in improvements to cancellation rates, customer defaults and ultimate loss ratios (“ULR”). Significant developments have been made to our claims handling process that will accelerate claims development, but ultimately lead to lower claims spend. This will take some time to impact reserving and therefore the SRICL Board expect to see further reserve releases in future years.

As part of its risk mitigation strategy SRICL has continued its use of reinsurance cover and loss portfolio transfer (“LPT”) arrangements, all with A-rated or higher reinsurance partners. The use of reinsurance and LPT means that the Company has effectively reduced its exposure to claims to just 3% of written premium each underwriting year since 2014.

The SRICL Board took the decision during 2017 to make the business model more stable and predictable by changing the terms offered to its most significant broking partners to a ‘net rate’ basis, rather than a commissions-based model. This has resulted in a substantial reduction in acquisition costs for the year.

The net impact of this change for SRICL has been positive, as borne out by the results in 2017. As a pure underwriter of risk, the model removes the volatility associated with ancillary income, add-ons, finance income and their associated fees, costs and commissions. It also provides an underwriting structure to grow the business profitably, with increased controls and transparency of risk.

On a statutory accounting basis, the Group’s main trading entity, Southern Rock Insurance Company Limited (“SRICL”), reported a profit on its Technical account of £2.6m for 2017 (2016: loss £34.9m). The overall loss for the year after taxation was £4.3m (2016: loss of £31.9m). However, on an underwriting basis, i.e. after removing the impact of accounting deferrals, such as deferred acquisition costs and statutory reporting requirements for loss portfolio transfer (“LPT”) arrangements, SRICL’s underlying business remains profitable: the underwriting profit for the year before tax was £2.3m.

The Group is continually developing its risk rating model and pricing techniques. The ultimate loss ratio for the 2017 underwriting year, as calculated by its independent external actuary, is an improvement on the prior year and continues the downward trend seen in ULR in recent years. Furthermore, the external actuarial report for the 2017 year end recommended releases (reductions) in ULR on each back year, bar one, since 2010. The SRICL Board are confident that the ULR will continue to improve over the business planning period, with further plans in place for improved risk selection and enhanced rating methodology.

FUTURE DEVELOPMENT PLANS

In June 2017, a new Managing General Agent (“MGA”) business was launched called Somerset Bridge Limited (“SBL”), which is related to SRICL by virtue of having common shareholders/beneficial owners. SBL is underwritten by Watford Insurance Company Limited and Alwyn Insurance Company Limited.

From January 2018, SBL will take up a large proportion of the business previously written by SRICL, which will significantly reduce the volume of business retained by SRICL going forward. This will lead to a reduction in underwriting risk in future years and further improvement in the Group’s solvency margin.

The planned reduction in volume will also lead to an increase in the reported statutory accounting profit of SRICL going forward, as the impact of accounting deferrals flows through to the profit and loss account.

A.3 INVESTMENT PERFORMANCE

A.3.1 INVESTMENTS HELD

SRHL does not hold significant assets and therefore this analysis focuses on the main trading subsidiary of SRICL.

SRICL's investment policy is conservative, retaining a large proportion of assets as cash or cash equivalents to minimise risk. SRICL reduced its exposure to equities in 2017 and will continue to do so over the course of 2018.

Core to SRICL's investment strategy is the focus on capital preservation. During the year, the Company invested excess funds in short-term money market funds, which are well-diversified, highly liquid and low risk. These are shown as 'Collective Investment Undertakings' in the analysis below.

A.3.2 OVERALL INVESTMENT PERFORMANCE

Investments	**Income / (expenses) 2017**	**Investments as at 31/12/2017**	**Income / (expenses) 2016**	**Investments as at 31/12/2016**
	£000s	**£000s**	**£000s**	**£000s**
Property (other than for own use)		820		820
Holdings in related undertakings, including participations		-		-
Equities - listed		6,472	8	4,236
Equities - unlisted	229	3,203	268	7,896
Government Bonds		301		-
Corporate Bonds		9,191		-
Structured notes	22	460	37	460
Collective Investments Undertakings		20,501		1,016
Derivatives		-2,340		754
Deposits other than cash equivalents		2,383		-
Investments (other than assets held for index-linked and unit-linked contracts)		**40,992**	**276**	**15,182**
Cash at bank and in hand	16	9,068	520	46,669
Total	**267**	**50,060**	**832**	**61,851**
Return on Investment		**1%**		**1%**

During the reported period, the Group held no securitised investments.

A.4 PERFORMANCE OF OTHER ACTIVITIES

SRHL has no other income or expenses other than that attributable to underwriting and investments.

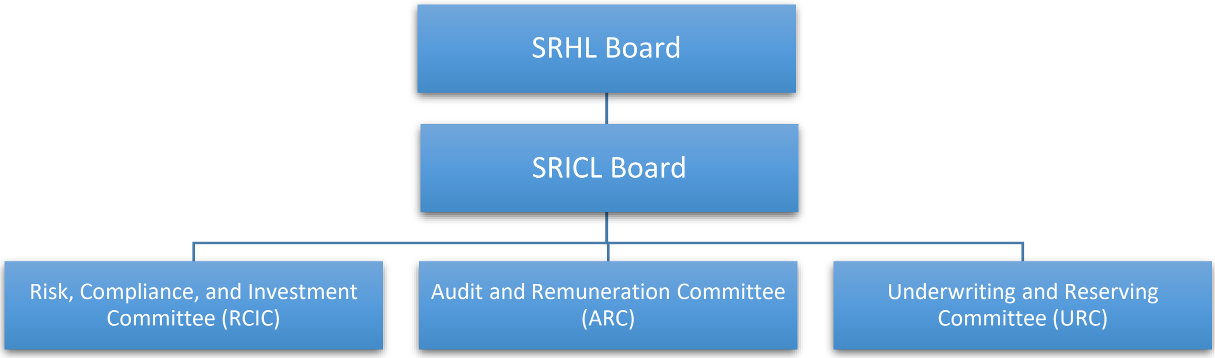
A.5 ANY OTHER INFORMATION

No significant business or other events have occurred during the reporting period that have had a material impact on the group.

B. SYSTEM OF GOVERNANCE

B.1 GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

B.1.1 BOARD AND SENIOR COMMITTEES STRUCTURES



The SRHL Board is ultimately responsible for leading and providing the strategic direction of the Group. SRHL is a holding company and does not trade, hence in practice the SRICL Board operates autonomously from the SRHL Board and makes its own decisions in terms of management of the business. The SRICL Board is responsible for ensuring that a sound system of internal control and risk management is maintained over SRICL's activities. The SRICL Board ensures that the SRHL Board are aware of the development of the business and the SRHL Board offer strategic advice and input as required.

To assist the SRICL Board in carrying out its functions certain responsibilities have been delegated to three sub-committees, denoted in the chart above (and discussed in more detail below). At least annually, the SRICL Board reviews and approves the terms of reference for each sub-committee, which sets out the matters the Board has delegated for approval or review to that sub-committee.

B.1.2 DIVISION OF RESPONSIBILITY BETWEEN THE SRHL/SRICL BOARD

The SRHL Board retains ultimate responsibility for the governance of itself and its subsidiaries, however it is not prescriptive in how any subsidiary should meet its obligations, and although the SRICL Board takes notice of advice and input from the holding company Board it is not in any way bound to follow it.

The SRICL Board has responsibility for the oversight of the business, defines the risk appetite and reviews key risks associated with the business on a regular basis. The composition and responsibilities of the SRICL Board satisfy the requirements outlined by the GFSC, and the governance of the Board has been modelled on the UK and GFSC Corporate Governance Code.

The SRICL Board and its sub-committees delegate day-to-day management of SRICL to the senior management team under the leadership of the Managing Director. In addition, the SRICL Board may appoint ad-hoc committees or working parties periodically to address issues of a more specific and/or short-term nature.

The Group continue to review and improve board composition, with non-executive tenures requiring renewal every three years; this ensures the respective boards maintain the highest of standards of corporate governance.

B.1.3 RISK, COMPLIANCE, AND INVESTMENT COMMITTEE

The role of the Risk, Compliance, and Investment Committee (RCIC) is to provide oversight and advice to the Board regarding risk exposures and their impact with respect to the risk appetite set by the Board. The committee also formulates and implements an investment strategy, effectively managing the risks associated with investment proposals or projects.

Committee members have investment, business, and/or risk management expertise sufficient to evaluate the risks associated with the committee's purpose.

The RCIC's primary responsibilities are to:

- understand and ensure that all recommendations are aligned to the overall risk strategy and appetite;
- ensure that SRICL has an ongoing process for identifying and evaluating risk and that any significant areas of risk are brought to the attention of the Board;
- develop a comprehensive understanding of the relationship between the operating budget and the investment policy;
- establish an Investment Policy for approval by the Board;
- implement and oversee the appropriate risk management policies and procedures to manage risks associated with:
    - market;
    - liquidity;
    - operations;
    - credit;
    - company assets;
    - other investments.
- ensure the Group remains compliant with all regulatory requirements
- review the performance of external investment managers at least annually.

B.1.4 UNDERWRITING AND RESERVING COMMITTEE

The role of the Underwriting and Reserving Committee (URC) is to implement and maintain effective practices for underwriting and reserving strategies, setting tolerance levels and reviewing the performance of the internal and external actuarial functions. It also makes proposals to the Board regarding the acquisition and removal of relevant lines of business and the use of external actuarial services.

The URC's primary responsibilities are to:

- review and monitor underwriting strategy for SRICL and by lines of business;
- approve, review and monitor overall risk tolerances, including limits, and possible losses;
- approve and review Group-level underwriting policies and procedures;
- review and monitor underwriting performance and performance targets, which includes but is not limited to:
    - loss ratio targets;
    - return on equity targets;
    - claims handlers;
    - brokers.
- review reinsurance programs and practices;
- review and propose new lines of business to the Board;
- assess whether there is need for external evaluation of reserving mechanism, and make recommendations to the Board regarding such appointments;
- where an external actuary is appointed, monitor and review the effectiveness and quality of data sources in such a manner that the committee can either challenge or rely on reports issued;
- ensure that reserving activities are compliant with actuarial practice, accounting and regulatory standards;
- provide explanations to the Board, where requested, regarding the logic behind decisions relating to parameters and any assumptions made by the committee.

B.1.5 AUDIT AND REMUNERATION COMMITTEE

The role of the Audit and Remuneration Committee (ARC) is to implement and maintain effective practices for conducting internal audits and making recommendations for remuneration for the Board and staff, and external fees. It also makes proposals to the Board regarding the use of external auditing services.

AUDIT

The main role and responsibilities of the ARC include:

- monitoring of the integrity of the financial statements of SRICL and any formal announcements relating to SRICL's financial performance, reviewing significant financial reporting judgements contained in them;
- reviewing SRICL's internal financial controls and, unless expressly addressed by a separate Board risk committee composed of independent Directors, or by the Board itself, to review SRICL's internal control and risk management systems;
- monitoring and review of the effectiveness of SRICL's Internal Audit Function;
- making recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- review and monitoring of the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- development and implementing of policies on the engagement of the external auditor to supply non-audit services, considering relevant ethical guidance regarding the provision of non-audit services by the external audit firm;
- reporting to the Board any matters in respect of which it considers that action or improvement is needed, and making recommendations as to the steps to be taken;
- reporting to the Board on how it has discharged its responsibilities;
- ensuring provision exists for staff to raise, in confidence, concerns about possible improprieties in matters of financial reporting or other matters and that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action;
- monitoring and review of the effectiveness of internal audit activities.

REMUNERATION – EXECUTIVE DIRECTORS

The remuneration of Executive Directors is designed to promote the long-term success of the Group.

The formal procedure for developing executive remuneration and for fixing the remuneration packages of individual Directors is established by the ARC. No director is involved in deciding his or her own remuneration.

The ARC makes available its terms of reference, explaining its role and the authority delegated to it by the Board. The ARC determines the appropriate balance between fixed and performance-related, immediate and deferred remuneration.

- Remuneration incentives are designed to be compatible with risk policies and systems.
- If the Group releases an executive director to serve as a non-executive director elsewhere, the remuneration report includes a statement as to whether the director retains such earnings and, if so, what the remuneration is.
- Levels of remuneration for non-executive directors reflect the time commitment and responsibilities of the individual's role.
- The Committee considers what compensation commitments (including pension contributions and all other elements) their directors' terms of appointment would entail in the event of early termination.

REMUNERATION – NON-EXECUTIVE DIRECTORS (NEDS)

NEDs, including the Chairman of the Board, receive a basic annual fee in respect of their Board duties and do not participate in any incentive or performance plans. Fees are reviewed annually taking into account the scope of Board duties and general market trends.

PENSIONS

The Committee considers the pension consequences and associated costs to the Group of basic salary increases and any other changes in pensionable remuneration.

Although there is no requirement to do so, the Group mirrors the terms and conditions of the UK workplace pension, having set up a stakeholder pension scheme for all employees.

B.1.6 MATERIAL TRANSACTIONS WITH SHAREHOLDERS AND PERSONS EXERCISING SIGNIFICANT INFLUENCE DURING THE PERIOD

No material transactions have been identified during the period with shareholders, with persons who exercise a significant influence on the group, or with members of the administrative, management or supervisory body.

B.2 FIT AND PROPER REQUIREMENTS

B.2.1 FIT AND PROPER POLICY

The Group's 'Fit and Proper' Policy provides a framework to ensure that individuals running the business or fulfilling key functions have the necessary skills, appropriate knowledge and experience and are of good repute and integrity. SRHL meets these requirements by ensuring individuals are both fit and proper in line with the Policy and in accordance with the European Insurance and Occupational Pensions Authority ("EIOPA") guidelines.

The Group assesses an individual's fitness and propriety in several ways, including:

- Adopting a robust and rigorous selection process to assess the individual's professional competence, in terms of technical and management skills, relative to the role;
- Carrying out background checks to confirm employment history, validation of professional and educational qualifications, financial soundness and identity checks. The level of background checks is commensurate to the role and level of potential risk associated with it.
- On an annual basis, carrying out a review of each key function holder's fitness and propriety and requiring key function holders notify the Group of any changes which may impact their compliance with the Fit and Proper policy.

Members of the Board and sub-committees are required to ensure the skills and knowledge required to properly discharge their duties are kept up to date, including compliance with any professional Continuing Professional Development ("CPD") requirements.

B.3 RISK MANAGEMENT SYSTEM INCLUDING THE OWN RISK AND SOLVENCY ASSESSMENT

The Group's Risk Management Framework ("RMF") and ORSA process have been designed to ensure the Risk Committee and Board receives timely and appropriate reporting to understand, appropriately manage and mitigate the risks associated with the business objectives over the short, medium and longer term, together with the overall level of risk embedded within functional and operational processes and activities, including those which have been outsourced. Risk strategy, appetite and framework is laid out in a policy which is subject to annual review.

The Group operates a 'three lines of defence' system of governance:

First line of defence

Primary responsibility for risk identification and management lies with business management

Second line of defence

Support for and challenge on the completeness and accuracy of risk assessment, risk reporting and adequacy of mitigation plans are performed by specialist risk functions e.g. compliance

Third line of defence

Independent and objective assurance on the robustness of the risk management framework and the appropriateness and effectiveness of internal control is provided by Internal Audit and independent third party reviews/audits where appropriate

The Risk function captures details of significant risks facing the business, their potential impact and mitigating controls, following the below framework.

Underwriting

- Premium Risk
- Insurance Risk
- Underwriting Risk
- Reserving Risk
- External Influences / Market / Industry Risk
- Intermediary Risk
- Anti-Selection Risk
- Fraud Risk
- Volume / GWP Risk
- Claims Inflation Risk

Assets/ Liabilities

- Investment Risk
- Liquidity Risk
- Funding Risk
- Credit & Counterparty Risk
- Capital Risk
- Buffer Risk
- Expenses / Operating Costs Risk
- Claims Fund / Reserves Risk
- Market Risk
- Economic Risk
- Property Risk

Technical Liabilities

- Reserve Risk
- Premium Risk
- Model Risk (SF)
- PPOs
- ENID
- Claims Handling - Leakage / Costs
- Reinsurance Risk
- Default Risk
- Technical Provisions (SII)
- Market Risk
- Concentration Risk
- Lapse Risk
- Risk Margin
- Discounting Risk
- CAT Risk

Operational

- Outsourcing Risk
- Intermediary Risk
- IT Risk
- Information Security System Risk
- Business Continuity
- Disaster Recovery
- Key Personnel
- Regulatory Risk
- Legal Risk
- Conduct Risk
- Brand and Reputation Risk
- Group Risk
- Contagion Risk
- HR
- Finance Function

The Risk Oversight Officer ("ROO") maintains a Risk register, which is issued to the business on a quarterly basis to capture risks across all risk-taking functions. Each risk is assessed and given a risk 'score' based on the likelihood of occurrence and the resulting impact.

Risk mitigation techniques are applied to each risk and management actions are developed to monitor and mitigate the risk as far as possible.

Risk appetite is at the heart of effective risk management for the SRHL group. The Group expects that setting the right risk appetite will support strategy setting, risk management, stakeholder value optimisation, and sets the boundaries for risk taking.

There are three primary concepts to note:

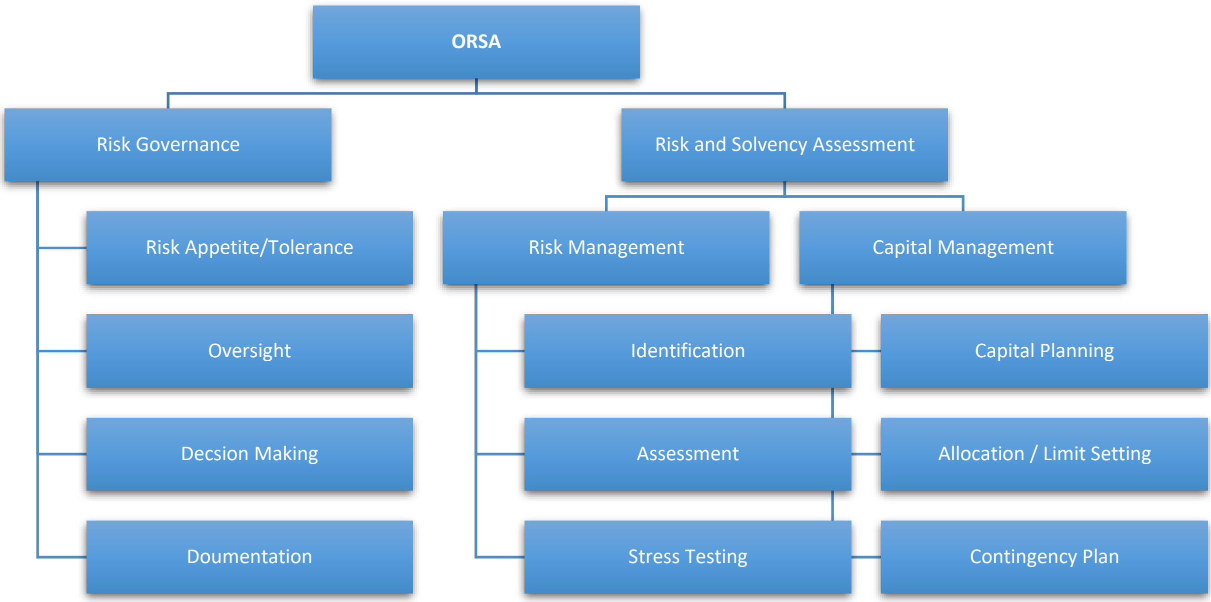
- The level and nature of risk the Group is willing to take.
- The level of risk that the Group can take - there could be risks that, while not desirable or sought, would be acceptable, at least temporarily, under certain scenarios.
- The maximum level of downside risk that the Group can absorb before putting it into financial distress or regulatory breach.

Should risks materialise that breach the risk appetite, these are mitigated, as far as possible, by the actions listed in the risk register. When risks materialising that were previously unknown, then these are addressed in the first instance by the Risk Function Holder, escalated to the RCIC, who will refer the matter to the Board if deemed appropriate.

More granular risk appetites and tolerance are set out, by each risk class, through high-level qualitative and quantitative statements as an expression of the level of risk the organisation will accept. The Risk Management System measures the performance of, and exposure to, each risk through the Risk Register.

On an annual basis, or following a material change in the business or the risk profile, SRHL conducts an ORSA with a formal report being made available to the Board and stakeholders. The Group has embedded the ORSA as a continuous process conducted throughout the year with consideration being given to any material changes in business strategy, market or legislative changes, events or similar that may impact the business.

ORSA Framework



B.4 INTERNAL CONTROL SYSTEM

INTERNAL CONTROL SYSTEM

The Company has embedded a robust internal control system that includes:

- the corporate governance framework, processes and controls;
- a financial control framework to ensure complete and accurate financial reporting;
- the appointment of key function holders to Actuarial, Compliance, Internal Audit and Risk Management; and
- independent assurance provided by the Internal Audit function ("IAF").

The Company's Audit & Remuneration Committee ("ARC") review all internal and external audit reports, ensuring any risks identified are properly recorded, and that any action required is implemented and followed up to completion to ensure the risk is appropriately mitigated.

The internal control system is supported by a range of policies that the Group has developed to ensure all relevant staff and service providers are aware of the procedures, controls and standards that the Company adhere to. In addition, the Company has implemented a financial control framework designed to ensure that outputs from financial reporting are free from material misstatement, error or omission, and are prepared in accordance with all relevant laws and financial reporting standards. Monthly management accounts for SRICL are subject to rigorous internal review, whilst the Company's annual report and accounts is subject to external audit and signed off by the Board prior to publication.

B.5 INTERNAL AUDIT FUNCTION

INDEPENDENCE

The Independent Audit Function ("IAF") is performed by an individual who does not perform any operational functions and is free from undue influence by any other key functions. The IAF adopts a risk-based approach to internal audit planning, free from influence from the AMSB or other key function holders to ensure that the planning process is independent and impartial.

CONFLICTS OF INTEREST

The IAF declares all conflicts of interest to the ARC, as they arise. The IAF ensures that internally recruited auditors do not audit activities or functions they previously performed during the timeframe covered by the external audit.

INTERNAL AUDIT POLICY

The Group operates an internal audit policy covering the following areas:

- the terms and conditions according to which the IAF can be called upon to give its opinion or assistance or to carry out other special tasks;
- internal rules setting out the procedures the IAF needs to follow before communication with the regulatory authority;
- where appropriate, the criteria for the rotation of staff assignments;
- describes how the internal audit functions;
- coordinates the internal audit activity;
- ensures compliance with the internal audit requirements.

INTERNAL AUDIT PLAN

The IAF ensures that the internal audit plan:

- is based on a methodical risk analysis, taking into account all the activities and the complete SoG, as well as expected developments of activities and innovations;
- covers all significant activities that are to be reviewed within a reasonable period of time.

The IAF keeps a record of its work to allow for an assessment of the effectiveness of the work, and to document the audits in a way that allows for retracing the audits undertaken and the findings they produced.

The IAF, in its reports to the ARC and the Board, clearly identifies any shortcomings or failings, includes recommendations as to how those are remedied and the envisaged period in which such remedies are to be implemented, as well as information on the implementation of remedies in respect of previous audit recommendations/requirements.

The Risk Management Function Holder will ensure, where any remedies have been instructed, that they are expedited in a timely manner.

The IAF is responsible to the ARC for producing the internal audit plan, providing audit reports, and making the relevant declarations. The ARC will review the effectiveness of the IAF's work and consider recommendations put forward, and subsequently report to the Board.

USE OF EXTERNAL CONSULTANTS

Where appropriate, the Group engages the services of independent external consultants to supplement the work of internal audit. Some of the key areas where this was used by the Group during the reporting period were:

- Actuarial Reserving: the Group engages an external firm to carry out an independent actuarial review of reserves periodically throughout the year, the results of which are used to book SRICL's best estimate of reserves. At the reporting period end, the Group engaged a further independent peer review of this process by a different actuarial firm.

- Claims Handling: during the year the Group engaged an independent firm to carry out a review of the claims handling function, which provided the Board with assurance that claims are handled efficiently and in line with best practice across the industry.

B.6 ACTUARIAL FUNCTION

The Actuarial Function ("AF") has a number of responsibilities, ensuring that the methodologies, models and assumptions used in calculating technical provisions and capital requirements are robust and consistently applied throughout the year. The AF also assists with pricing and reserving where required and/or where actuarial skills are relevant, with assistance from external consultants, data providers, and business partners.

Specific functions include:

- Developing/updating rating structures for new and existing products
- Monitoring business levels and sales mix
- Predicting and monitoring future performance
- Predicting and monitoring impact of proposed rate changes
- Identifying sales/pricing opportunities and making recommendations where appropriate
- Calculations of provisions, reinsurance recoveries

Direct contact with external service providers such as reinsurers, co-insurers, actuarial consultants, data providers, in respect of:

- Provision of data for assessment/analysis/modelling purposes
- Analysis of provided data/services (e.g. modelling)
- Calculations of provisions, reinsurance recoveries
- Prediction and monitoring of future Ultimate Loss Ratio

B.6.1 THE MODEL SCOPE OF THE ACTUARIAL FUNCTION

The AF, as defined by Article 48 of the Directive 2009/138/EC, is responsible for the following activities:

- Co-ordination and calculation of technical provisions (TPs), in terms of:
    - ensuring the appropriateness of methodologies used in the calculation of TPs;
    - assessing the sufficiency and quality of data used in the calculation of TPs;
    - comparing best estimates against experience;
    - informing management of the reliability and adequacy of TPs
- Expressing an opinion on the overall underwriting policy;
- Expressing an opinion on the adequacy of reinsurance arrangements; and
- Contributing to the effective implementation of the risk management system.

The actuarial function also takes an active role in business planning and peer reviews of Solvency II submissions and reports.

B.6.2 ACTUARIAL FUNCTION HOLDER'S REPORT

On an annual basis, the Actuarial Function Holder produces a report for the Board that sets out the main tasks that have been undertaken during the year by the actuarial function, the results and outcomes of those activities and any recommendations for changes to future treatment.

The latest Actuarial Function Holder's report was produced in March 2018.

B.7 OUTSOURCING

Prior to engaging with any service provider, the Group will:

- evaluate the risks associated with all existing and proposed outsourcing arrangements;
- develop a process for determining the materiality of arrangements;
- implement a program for managing and monitoring risks;
- ensure that the Board receives sufficient information to enable them to discharge their duties.

All outsourcing arrangements, whether intra-group or third party, are subjected to a materiality assessment. The Group recognises that outsourcing and intra-group arrangements will exhibit varying degrees of risk, and as such, the robustness of the management of outsourced risks is aligned to the materiality of that particular arrangement.

With respect to outsourcing arrangements that are deemed material, both the Risk Management Policy and the Outsourcing Policy will apply.

B.7.1 MATERIAL INTRA-GROUP OUTSOURCING ARRANGEMENTS

When entering into a material outsourcing arrangement with related parties or intra-group arrangement with another entity that is a member of the same group as the regulated entity, a general contract or outsourcing agreement must be in place. This will outline, among other things:

- the scope of the arrangement;
- the services to be supplied;
- the nature of the relationship between the Company and the service provider;
- procedures governing the subcontracting of services.

SRICL addresses these expectations within company-wide processes and plans, as appropriate, dealing with any specific risks to each subsidiary, and ensuring that the Board of Directors is satisfied that the business can fulfil its responsibilities. SRICL establishes the processes, approve the policies, and develops and maintains the reporting on behalf of its subsidiaries.

Consistent with the risk-based supervisory role of SRICL, there may be additional expectations for arrangements, depending on the risks related to the outsourcing arrangement and the conclusions of the regulated entity's supervisory review.

SRICL is responsible for implementing a due diligence process that addresses the qualitative aspects of the arrangement, particularly those pertaining to the unique operational requirements of the business, this includes but is not limited to:

- procedures governing the subcontracting of services;
- an appropriate business continuity plan covering the outsourced service;
- a process for monitoring and oversight;
- legislative requirements relating to conduct and governance.
- annual review of the commerciality of the agreements including any intra group cross-charging

B.7.2 DUE DILIGENCE PROCESSES

Internal due diligence is conducted to determine: the nature and scope of the business activity to be outsourced; its relationship to the rest of the Group's activities; the management of the activity both currently and going forward.

When entering or substantially amending or renewing, an outsourcing arrangement with a service provider that is a part of the same group or related party, the due diligence procedure will fully assess the risks associated with the outsourcing arrangement, and address all relevant aspects of requirements from the service provider.

Due diligence processes will vary depending on the circumstances, such as in the case of renewals where no material change has occurred that would affect the viability of the outsourcing or intra-group relationship, in such circumstances a more streamlined due diligence process is appropriate.

B.7.3 MONITORING AND OVERSIGHT

The Risk Oversight Officer is responsible for implementing and overseeing procedures to monitor and control outsourcing risks in accordance with SRICL's Outsourcing and Risk Management Policies.

Reports based on the monitoring and oversight activities and the effectiveness of the risk management programme are delivered to SRICL's Board in periodical reports.

SRICL maintains a centralised list of all its material outsourcing arrangements. This list is updated on an ongoing basis and forms part of the documentation delivered to the Board. The following table sets out the outsourced functions that are critical to the Group.

Supplier	**Outsourced function**	**Country**
Eldon Insurance Services Ltd	Provides claims handling services to SRICL.	UK
Edevelopment2 Ltd	Provides services related to all financial elements of payments and refunds to SRICL's brokers including credit control, banking and premium finance arrangements.	UK
Rock Services Ltd	Provides shared service functions to manage accounts payable, HR, payroll, finance, underwriting and pricing.	UK
STM Fidecs Ltd	Provides Insurance management services and also company secretarial and local payroll functions.	Gibraltar

B.8 ANY OTHER INFORMATION

On 23 June 2016, the UK voted to leave the EU. On 29th March 2017 Article 50 of the Lisbon Treaty was triggered, initiating the UK's withdrawal from EU membership.

SRICL underwrites policies in the UK, but is based in Gibraltar. Gibraltar is part of the EU by virtue of the UK's membership and is not a separate member state. At present, pursuant to the Financial Services and Markets Act 2000 (Gibraltar) Order 2001 (the 'Gibraltar Order'), the UK treats Gibraltar-based insurers as EEA insurers allowing them to underwrite UK business. When the UK leaves the EU, it is expected that Gibraltar-based insurers will continue to be afforded passporting rights into the UK.

C. RISK PROFILE

This section sets out the key risks to which the SRHL Group is exposed and provides a review of the key risk drivers, any risk mitigation techniques used, and highlights any material changes in risk exposure since the last SFCR.

A breakdown of the Group's SCR by risk module is as follows:

Risk Module	Year Ended 31 Dec 2017 £m	Year ended 31 Dec 2016 £m
Non-life underwriting risk	4.21	3.51
Market risk	5.64	3.49
Counterparty default risk	15.33	14.69
Diversification	(5.08)	(3.70)
Basic SCR	**20.11**	**17.99**
Operational risk	6.03	5.40
Total SCR	**26.14**	**23.39**

C.1 NON-LIFE UNDERWRITING RISK

DEFINITION

The non-life underwriting risk of the Group comprises premium and reserve risk, catastrophe risk and lapse risk, specifically:

- the risk arising from risk of loss, or of adverse change in the value of insurance liabilities, resulting from fluctuations in the timing, frequency and severity of insured events, and in the timing and amount of claim settlements (premium and reserve risk); and
- the risk of loss, or of adverse change in the value of insurance liabilities, resulting from significant uncertainty of pricing and provisioning assumptions related to extreme or exceptional events (catastrophe risk).
- the risk of loss, or of adverse change in the value of insurance liabilities, resulting from a discontinuance of insurance policies (lapse risk).

ASSESSMENT OF NON-LIFE UNDERWRITING RISK

The Group assesses and controls underwriting risk using a number of techniques:

1) Analytical pricing:

   A significant proportion of policies are sold via aggregators directly to the customer. This allows SRICL to obtain detailed data on which it bases its future pricing of policies. The availability of this information is fundamental to SRICL's strategy of reviewing and amending rates when deemed necessary including reaction to changes in market conditions.

2) Effective claims management:

   SRICL uses agreed KPI's in the management of claims. Regular audits of the claims files are completed to ensure that claims are settled promptly and fairly on behalf of customers.

4) Additional Tools:
    - Daily / Weekly / Monthly review of KPI's
    - Actuarial Pricing reviews
    - Monthly Triangulation reviews across all schemes and product lines
    - Monthly market review to determine competitive positioning / real time pricing
    - Independent actuarial reserve reviews by an external firm, Lane Clarke and Peacock (LCP)
    - External reserve review supplemented by a second independent review of those actuarial results
    - Reserves booked based on external actuarial best estimates
    - Regular internal and external audits of claims handlers
    - Regular audits of brokers
    - Robust governance to ensure the correct application of pricing factors
    - Pricing is based on assumptions which have regard to trends and past experience, and exposures are managed by having documented underwriting limits and criteria
    - On-going review of front end fraud detection tools to reduce anti-selection
    - ORSA to assess the performance of key risks under stressed conditions

RISK MITIGATION TECHNIQUES

SRICL uses a range of risk mitigation techniques to manage underwriting risk. A key component of this is the purchase of reinsurance, which includes both quota share and excess of loss arrangements. The Company also utilises Loss Portfolio Transfer ("LPT") and Adverse Development Cover ("ADC") arrangements with highly-rated reinsurance partners.

The Group's reinsurance partners are all at least A-rated and a range of partners are used to diversify the exposure to any one reinsurer.

A key element of underwriting risk mitigation is the constant monitoring of management information ("MI") reports (listed above), as well as regular monitoring of the external insurance environment to ensure the business reacts to any changes in the market.

RISK SENSITIVITY ANALYSIS

As part of the Group's Own Risk and Solvency Assessment ("ORSA"), which is carried out on an annual basis or following a material change in the Company's risk profile, a range of stress and scenario tests are carried out against the most material risks. Given that the Group retain only a small percentage of business, after allowing for reinsurance and loss portfolio transfer arrangements, then its sensitivity to underwriting risk is low.

C.2 MARKET RISK

DEFINITION

The market risk reflects the risk arising from the level or volatility of market prices of financial instruments which have an impact upon the value of the assets and liabilities of the Group. It reflects the structural mismatch between assets and liabilities, in particular with respect to the duration thereof.

Market risk is broken down into six sub-modules:

- Spread Risk
- Equity Risk
- Property Risk
- Currency Risk
- Concentration Risk
- Interest Rate Risk

EXPOSURE TO MARKET RISK:

Material exposures by sub-Categories of Market Risk:

	Yr Ended 31 Dec 2017 £000s	Yr Ended 31 Dec 2016 £000s
Spread Risk	365	112
Equity Risk	4,474	2,527
Property risk	205	205
Currency Risk	313	251
Concentration Risk	2,623	1,988
Interest Rate Risk	42	36
Diversification within risk module	(2,377)	(1,634)
Total Market risk	**5,645**	**3,485**

The objective of SRICL in managing its market risk is to ensure risk is managed in line with SRICL's risk appetite. SRICL has established policies and procedures in order to manage market risk and methods to measure it.

All SRICL investment assets are aggregated and monitored by the RCIC with help from the Investment Manager. At each meeting the RCIC performs a review of the current portfolio performance comparing its performance against benchmarks and budget. Significant variances are reviewed, interrogated and compared to market indices. The portfolio risk is also compared to the stated risk appetite to confirm that it has not been exceeded. The outcomes from the RCIC committee meetings are reported to the Board.

Other monies, principally cash on deposit, are managed internally with oversight from the Board.

The RCIC is responsible for ensuring that SRICL has liquidity available to meet both immediate and foreseeable cash flow requirements.

There were no changes in SRICL's market risk exposure in the financial year nor to the objectives, policies and processes for managing market risk.

RISK MITIGATION TECHNIQUES

The Group aims to minimise exposure to market risk by holding a well-diversified portfolio of assets, with a low risk investment strategy targeting high credit quality funds of at least investment grade, i.e. rated BBB or above. Risk is also managed where applicable using derivative instruments, e.g. as a hedge against movement in corporate bond prices.

RISK SENSITIVITY ANALYSIS

The principal driver of market risk at present is the Group's investment in equities, which is forecast to reduce over the business planning period. This strategy will also reduce exposure to concentration risk.

The other modules that make up market risk are relatively immaterial and the Group is not sensitive to movements in those exposures, e.g. currency risk, as the vast majority of assets and liabilities are denominated in pounds sterling.

C.3 COUNTERPARTY DEFAULT RISK

DEFINITION

The counterparty default risk reflects the risk of loss possible losses due to unexpected default, or deterioration in the credit standing, of the counterparties and debtors of the Group over the following 12 months.

EXPOSURE TO COUNTERPARTY DEFAULT RISK

	Yr Ended 31 Dec 2017 £000s	Yr Ended 31 Dec 2016 £000s
Type 1 counterparty risk	4,883	8,365
Type 2 counterparty risk	11,323	7,339
Diversification within risk module	(877)	(1,010)
Total Counterparty Default risk	**15,330**	**14,694**

The Group's exposure to type 1 counterparty default risk relates to the reinsurance counterparty balances and cash held at banks.

RISK MITIGATION TECHNIQUES

To mitigate against the risk of default, the Group only deals with reinsurance partners who are credit rated 'A' or above, and banking institutions that have a good credit rating. Ratings are monitored regularly and due diligence is performed before entering into any new arrangements.

The key drivers of the Group's type 2 counterparty default risk are the receivables due to SRICL from counterparties that are 'related' to SRICL via common ultimate beneficial ownership. The Group ensures that loan agreements between related parties are strictly adhered to and that regular assessment of the financial strength of related party debtors is carried out.

During the year, a charge was put in place to secure a large proportion of balances owed by related parties, to provide further mitigation against the risk of default. Note that although these balances have changed from 'unsecured' to 'secured' during the period, for Solvency II purposes, the capital charge that SRICL carries has not reduced.

RISK SENSITIVITY ANALYSIS

As part of the ORSA process, the Group has carried out stress and scenario testing to identify management actions should a material default occur with one of its key counterparties. The Board are satisfied that the likelihood of default from a related party is low and that the capital charge the Group is carrying in respect of its related party debt is more than sufficient to cover the potential risk of default. Furthermore, the exposure to type 2 counterparty risk is forecast to substantially reduce over the business planning horizon of the next three years, which will have a material impact on the overall SCR.

C.4 LIQUIDITY RISK

DEFINITION

Liquidity risk is the risk that the Group either does not have sufficient financial resources available to enable it to meet its obligations as they fall due, or can secure such resources only at excessive cost.

EXPOSURE

Prudent liquidity risk management includes maintaining sufficient cash to meet its foreseeable needs and to invest cash assets safely and profitably. SRICL monitors cash flow using sophisticated forecasting techniques to ensure that all liabilities are met when due. Such forecasting takes into consideration SRICL's financing plans, compliance with internal balance sheet targets and external regulatory requirements.

The Group's assets are held in cash and short term liquid assets, with highly-rated investment counterparties. The Group's exposure to liquidity risk is low, as the level of cash and liquid assets held is more than sufficient to meet its future liabilities as they become due. Liquidity risk concentration is mitigated by holding investments with a range of counterparties.

The finance function regularly update and monitor the Group's cash flow forecast to ensure that action is taken to liquidise funds in advance of when they are required and to ensure the Group is fully compliant with its regulatory capital requirements on an ongoing basis.

C.5 OPERATIONAL RISK

DEFINITION

The risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events.

EXPOSURE

SRICL has identified the following key operational risks

1. Failure or underperformance of processes / systems or people
2. Reliance on key personnel
3. Failure or underperformance of outsourced functions
4. Legal or regulatory events
5. Information systems – disaster recovery / security

SRICL sees operational risk as an ongoing area that is monitored and assessed both formally and informally utilizing the following measures

1. Bi-monthly review of the risk register
2. Regulator reviews of identified areas of high risk
3. Monthly compliance and QA reporting
4. Regular cycle of Internal Audit in place for key areas and functions
5. Regular audits of external service providers
6. Regular testing of disaster and business continuity plans
7. Bi-annual / Annual Review of risk appetite and associated policies
8. ORSA process to assess operational risk under stressed conditions

C.6 OTHER MATERIAL RISKS

C.6.1 RE-INSURANCE RISK

All the co and quota share/excess of loss reinsurance arrangements are agreed in advance for 12 months at any time. Therefore, any loss in capacity would only effect future premium written. In the event of loss of capacity, SRICL would limit the business underwritten for the next year such that capital be effectively managed.

In addition, SRICL has a diversified panel of co and reinsurance partners, all of which are A rated or above.

The Board of SRICL and SRHL have developed strong and long standing relationships with reinsurance partners, with some having been in place for 10 years. This should add some context as to the strength of the relationships and the risk of loss.

C6.2 CLAIMS HANDLING RISK

SRICL has outsourced its claims handling function to Eldon Insurance Services Ltd (Eldon). The Company pays for these services in advance so Eldon is obligated to handle any claims arising on policies incepted whilst the Claims Handling Agreement is in force.

SRICL intends to continue outsourcing its claims handling function to Eldon and is entirely satisfied with both the quality of service provided and the value for money of the services provided. SRICL performs ongoing due diligence on Eldon's ability to meet its obligations and the Board is satisfied that there is no unmitigated risk around the ability of Eldon to continue to service SRICL's claims going forward.

D. VALUATION FOR SOLVENCY PURPOSES

D.1 ASSETS (EXCLUDING REINSURANCE RECOVERABLES)

A comparison of the Solvency II valuation and local GAAP valuation of material asset classes is shown below, with explanatory notes on the key differences between the valuation bases.

Year ended 31 December 2017 **£000s**	**Note**	**Solvency II valuation**	**Statutory accounts valuation**
Deferred acquisition costs	1	-	5,801
Deferred tax assets		-	-
Property, plant & equipment held for own use		2	2
Investments (other than assets held for index-linked and UL contracts)		40,992	40,992
Insurance and intermediaries' receivables	2	22,103	25,364
Reinsurance receivables		14,696	14,696
Receivables (trade, not insurance)		53,499	53,499
Cash and cash equivalents		9,068	9,068
Any other assets, not elsewhere shown		56	56
Total Assets (excluding reinsurance recoverables)		**140,416**	**149,478**

Notes

1. Deferred acquisition costs (DAC): under local GAAP acquisition costs arising from insurance contracts are spread over a period equivalent to that over which the premiums on the underlying business are earned. DAC is not recognised in the SII Balance Sheet as it does not meet SII valuation principles.
2. Insurance and intermediaries' receivables: these balances are recognised at the amount expected to be received when due. The presentation of this balance on the SII balance sheet differs from the statutory accounting basis since receivables under the accounting basis includes premiums which are included in Technical Provisions in the SII balance sheet.

D.2 TECHNICAL PROVISIONS

Year end 31 December 2017 £000s	Motor vehicle liability insurance	Other motor insurance	Total Solvency II valuation	Statutory accounts valuation
Technical provisions – non-life	**313,898**	**12,640**	**326,538**	**222,843**
Best Estimate	310,995	12,523	323,518	-
Risk margin	2,903	117	3,020	-
Reinsurance recoverables	296,058	10,610	306,668	199,519
Technical provisions minus recoverables from reinsurance	**17,840**	**2,030**	**19,885**	**23,324**

Technical provisions under SII consist of a claims technical provision, a premium technical provision (which together form the best estimate liability) and a risk margin.

Best estimate liabilities (BEL) are the probability weighted average of future cash flows, discounted back to the balance sheet date using risk-free discount rates. The BEL is apportioned to each line of business, as shown in the table above.

The risk margin is calculated as the sum of the present values of the cost of capital in each future year, i.e. the amount calculated by applying the Cost-of-Capital rate to the SCR in each future year, until the obligations are extinguished and there is no remaining SCR. The total risk margin is then apportioned to each line of business, as shown above.

SRHL does not calculate technical provisions as a whole.

D.3 OTHER LIABILITIES

Year ended 31 December 2017 £000s	Note	Solvency II valuation	Statutory accounts valuation
Reinsurance payables	3	83,019	88,781
Payables (trade, not insurance)		3,109	3,109
Total Liabilities (excluding Technical Provisions)		**86,128**	**91,890**

Notes:

3. Reinsurance payables are recognised at the amount expected to be paid when due. The presentation of this balance on the SII balance sheet differs from the statutory accounting basis since reinsurance payables under GAAP includes claims, which are included in Technical Provisions in the SII balance sheet.

D.4 ALTERNATIVE METHODS FOR VALUATION

There are no other alternative methods for valuation used.

D.5 ANY OTHER INFORMATION

There is no other material information to disclose.

E. CAPITAL MANAGEMENT

E.1 OWN FUNDS

OBJECTIVES, POLICIES AND PROCESSES

The Group's objectives when managing its capital are:

- to ensure it can fully meet all its policyholder obligations in a timely manner;
- to safeguard SRICL's ability to continue operating and meeting its liabilities as they become due;
- to provide an adequate return to the shareholders by pricing insurance contracts commensurately with the level of risk; and
- maintain sufficient own funds to comply with the EIOPA Solvency II capital requirements as incorporated into Gibraltar law.

OWN FUNDS:

	Tier	Yr ended 31 Dec 2017 £000s	Yr ended 31 Dec 2016 £000s
Share Capital	1	24,702	24,702
Share Premium	1	9,051	9,051
Deferred Tax Asset	3	-	3,032
Minority interests	1	1,501	1,574
Reconciliation Reserve	1	(4,704)	(14,314)
Total Eligible Own Funds to meet the SCR		**30,550**	**24,045**

SRHL's own funds are comprised of Tier 1 share capital, share premium, minority interests plus the Reconciliation reserve.

Total equity in SRICL's financial statements for the year ending 31 December 2017 was £33.1m; the excess of assets over liabilities for Solvency II was £33.2m. The difference of £0.1m is analysed in the table below:

	Yr Ended 31 Dec 2017 £000s	Yr Ended 31 Dec 2016 £000s
Net assets reported in SRICL's financial statements	**33,058**	**37,902**
Adjustments:		
Difference in value of Technical Provisions vs GAAP reserves (net of reinsurance recoverables)	3,401	(3,418)
Deferred acquisition costs (valued at nil for SII)	(5,801)	(12,070)
Difference in deferred tax asset	-	1,645
Net difference in reinsurance receivables/payables	2,502	557
Other net differences	(3)	(934)
Sub-total	99	(14,220)
Excess of assets over liabilities for SII (Solo entity)	**33,157**	**23,682**

BUSINESS PLANNING

During the reporting period the Group refreshed its rolling 3-year business plan for the period 2018 to 2020, based on the new business model described in Section A of this report. The business plan has been reviewed and approved by the Board and the relevant committees. The planned reduction in gross written premium, compared to prior years, will lead to a reduction in the capital requirement and the Group's solvency ratio is forecast to increase going forward.

The ORSA process is an integral part of the planning process, allowing management to assess the current risks facing the Group and analyse the impact of a range of stress and scenario tests on the results.

E.2 SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

SRHL	**Yr Ended 31 Dec 2017** **£000s**	**Yr Ended 31 Dec 2016** **£000s**
Own Funds	30,550	24,045
SCR	26,137	23,391
Surplus	4,413	654
Ratio of Eligible Own Funds to SCR	**117%**	**103%**
MCR	6,534	7,333
Surplus	24,016	16,712
Ratio of Eligible Own Funds to MCR	**468%**	**287%**

E.3 USE OF THE DURATION-BASED EQUITY RISK SUB-MODULE IN THE CALCULATION OF THE SCR

The duration-based method of calculating the equity risk sub-module has not been used.

E.4 DIFFERENCE BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODEL USED

This section is not applicable for the SRHL group.

E.5 NON-COMPLIANCE WITH THE MCR AND NON-COMPLIANCE WITH THE SCR

The Group was compliant with both the SCR and MCR throughout the reporting period.

E.6 ANY OTHER INFORMATION

There is no other material information to disclose.

F. TEMPLATES

QUANTITATIVE REPORTING TEMPLATES (QRTS)

Balance sheet

S.02.01.01.01

		Solvency II value	Statutory accounts value
		C0010	C0020
Assets			
Goodwill	R0010		0.00
Deferred acquisition costs	R0020		5,801,234.16
Intangible assets	R0030		0.00
Deferred tax assets	R0040		0.00
Pension benefit surplus	R0050		0.00
Property, plant & equipment held for own use	R0060	2,499.81	2,499.81
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	40,991,707.15	40,991,707.15
Property (other than for own use)	R0080	820,000.00	820,000.00
Holdings in related undertakings, including participations	R0090	0.00	0.00
Equities	R0100	9,674,930.83	9,674,930.83
Equities - listed	R0110	6,472,314.97	6,472,314.97
Equities - unlisted	R0120	3,202,615.86	3,202,615.86
Bonds	R0130	9,951,943.68	9,951,943.68
Government Bonds	R0140	300,864.41	300,864.41
Corporate Bonds	R0150	9,191,079.27	9,191,079.27
Structured notes	R0160	460,000.00	460,000.00
Collateralised securities	R0170	0.00	0.00
Collective Investments Undertakings	R0180	20,501,059.31	20,501,059.31
Derivatives	R0190	-2,339,706.67	-2,339,706.67
Deposits other than cash equivalents	R0200	2,383,480.00	2,383,480.00
Other investments	R0210	0.00	0.00
Assets held for index-linked and unit-linked contracts	R0220	0.00	0.00
Loans and mortgages	R0230	0.00	0.00
Loans on policies	R0240		
Loans and mortgages to individuals	R0250		
Other loans and mortgages	R0260		
Reinsurance recoverables from:	R0270	306,667,960.27	199,518,677.98
Non-life and health similar to non-life	R0280	306,667,960.27	199,518,677.98
Non-life excluding health	R0290	306,667,960.27	199,518,677.98
Health similar to non-life	R0300		0.00
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	0.00	0.00
Health similar to life	R0320	0.00	0.00
Life excluding health and index-linked and unit-linked	R0330	0.00	0.00
Life index-linked and unit-linked	R0340	0.00	0.00
Deposits to cedants	R0350	0.00	0.00
Insurance and intermediaries receivables	R0360	22,103,314.45	25,364,022.99
Reinsurance receivables	R0370	14,696,215.96	14,696,215.96
Receivables (trade, not insurance)	R0380	49,630,322.24	49,630,322.24
Own shares (held directly)	R0390	0.00	0.00
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	0.00	0.00
Cash and cash equivalents	R0410	9,067,610.71	9,067,610.71
Any other assets, not elsewhere shown	R0420	56,114.98	56,114.98
Total assets	R0500	443,215,745.57	345,128,405.98

Liabilities			
Technical provisions – non-life	R0510	326,538,046.28	222,842,724.59
Technical provisions – non-life (excluding health)	R0520	326,538,046.28	222,842,724.59
Technical provisions calculated as a whole	R0530		
Best Estimate	R0540	323,517,654.86	
Risk margin	R0550	3,020,391.42	
Technical provisions - health (similar to non-life)	R0560	0.00	
Technical provisions calculated as a whole	R0570		
Best Estimate	R0580		
Risk margin	R0590		
Technical provisions - life (excluding index-linked and unit-linked)	R0600	0.00	0.00
Technical provisions - health (similar to life)	R0610	0.00	
Technical provisions calculated as a whole	R0620		
Best Estimate	R0630		
Risk margin	R0640		
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	0.00	
Technical provisions calculated as a whole	R0660		
Best Estimate	R0670		
Risk margin	R0680		
Technical provisions – index-linked and unit-linked	R0690	0.00	
Technical provisions calculated as a whole	R0700		
Best Estimate	R0710		
Risk margin	R0720		
Other technical provisions	R0730		0.00
Contingent liabilities	R0740	0.00	0.00
Provisions other than technical provisions	R0750	0.00	0.00
Pension benefit obligations	R0760	0.00	0.00
Deposits from reinsurers	R0770	0.00	0.00
Deferred tax liabilities	R0780	0.00	0.00
Derivatives	R0790	0.00	0.00
Debts owed to credit institutions	R0800	0.00	0.00
Financial liabilities other than debts owed to credit institutions	R0810	0.00	0.00
Insurance & intermediaries payables	R0820	0.00	0.00
Reinsurance payables	R0830	83,018,858.99	88,781,284.29
Payables (trade, not insurance)	R0840	3,109,086.08	3,109,086.08
Subordinated liabilities	R0850	0.00	0.00
Subordinated liabilities not in Basic Own Funds	R0860		
Subordinated liabilities in Basic Own Funds	R0870		
Any other liabilities, not elsewhere shown	R0880		
Total liabilities	R0900	412,665,991.35	314,733,094.96
Excess of assets over liabilities	R1000	30,549,754.22	30,395,311.02

Premium, claims and expenses by line of business

S.05.01.01.01

Non-Life		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)		Total
		Motor vehicle liability insurance	Other motor insurance	
		C0040	C0050	C0200
Premiums written				
Gross - Direct Business	R0110	143,965,713.78	35,991,428.45	179,957,142.23
Gross - Proportional reinsurance accepted	R0120			0.00
Gross - Non-proportional reinsurance accepted	R0130			0.00
Reinsurers' share	R0140	137,608,369.05	34,402,092.26	172,010,461.31
Net	R0200	6,357,344.73	1,589,336.19	7,946,680.92
Premiums earned				
Gross - Direct Business	R0210	139,878,115.84	34,969,528.96	174,847,644.80
Gross - Proportional reinsurance accepted	R0220			0.00
Gross - Non-proportional reinsurance accepted	R0230			0.00
Reinsurers' share	R0240	134,277,708.81	33,569,427.20	167,847,136.01
Net	R0300	5,600,407.03	1,400,101.76	7,000,508.79
Claims incurred				
Gross - Direct Business	R0310	123,274,264.33	30,818,566.08	154,092,830.41
Gross - Proportional reinsurance accepted	R0320			0.00
Gross - Non-proportional reinsurance accepted	R0330			0.00
Reinsurers' share	R0340	106,819,052.43	26,704,763.11	133,523,815.54
Net	R0400	16,455,211.90	4,113,802.97	20,569,014.87
Changes in other technical provisions				
Gross - Direct Business	R0410			0.00
Gross - Proportional reinsurance accepted	R0420			0.00
Gross - Non- proportional reinsurance accepted	R0430			0.00
Reinsurers'share	R0440			0.00
Net	R0500	0.00	0.00	0.00
Expenses incurred	R0550	28,588,949.06	7,147,237.27	35,736,186.33
Administrative expenses				
Gross - Direct Business	R0610	3,097,148.40	774,287.10	3,871,435.50
Gross - Proportional reinsurance accepted	R0620			0.00
Gross - Non-proportional reinsurance accepted	R0630			0.00
Reinsurers' share	R0640			0.00
Net	R0700	3,097,148.40	774,287.10	3,871,435.50
Investment management expenses				
Gross - Direct Business	R0710	42,604.80	10,651.20	53,256.00
Gross - Proportional reinsurance accepted	R0720			0.00
Gross - Non-proportional reinsurance accepted	R0730			0.00
Reinsurers' share	R0740			0.00
Net	R0800	42,604.80	10,651.20	53,256.00
Claims management expenses				
Gross - Direct Business	R0810	6,737,917.19	1,684,479.30	8,422,396.49
Gross - Proportional reinsurance accepted	R0820			0.00
Gross - Non-proportional reinsurance accepted	R0830			0.00
Reinsurers' share	R0840			0.00
Net	R0900	6,737,917.19	1,684,479.30	8,422,396.49
Acquisition expenses				
Gross - Direct Business	R0910	11,943,680.17	2,985,920.04	14,929,600.21
Gross - Proportional reinsurance accepted	R0920			0.00
Gross - Non-proportional reinsurance accepted	R0930			0.00
Reinsurers' share	R0940			0.00
Net	R1000	11,943,680.17	2,985,920.04	14,929,600.21
Overhead expenses				
Gross - Direct Business	R1010	6,767,598.50	1,691,899.63	8,459,498.13
Gross - Proportional reinsurance accepted	R1020			0.00
Gross - Non-proportional reinsurance accepted	R1030			0.00
Reinsurers' share	R1040			0.00
Net	R1100	6,767,598.50	1,691,899.63	8,459,498.13
Other expenses	R1200			
Total expenses	R1300			35,736,186.33

Premiums, claims and expenses by country

S.05.02.01.01

Non-life obligations for home country

		Home country	Country (by amount of gross premiums written)	Total for top 5 countries and home country (by amount of gross premiums written)
		C0080	C0090	C0140
Premiums written				
Gross - Direct Business	R0110	179,957,142.23		179,957,142.23
Gross - Proportional reinsurance accepted	R0120	0.00		0.00
Gross - Non-proportional reinsurance accepted	R0130	0.00		0.00
Reinsurers' share	R0140	172,010,461.31		172,010,461.31
Net	R0200	7,946,680.92	0.00	7,946,680.92
Premiums earned				
Gross - Direct Business	R0210	174,847,644.80		174,847,644.80
Gross - Proportional reinsurance accepted	R0220	0.00		0.00
Gross - Non-proportional reinsurance accepted	R0230	0.00		0.00
Reinsurers' share	R0240	167,847,136.02		167,847,136.02
Net	R0300	7,000,508.78	0.00	7,000,508.78
Claims incurred				
Gross - Direct Business	R0310	154,092,830.42		154,092,830.42
Gross - Proportional reinsurance accepted	R0320	0.00		0.00
Gross - Non-proportional reinsurance accepted	R0330	0.00		0.00
Reinsurers' share	R0340	133,523,815.53		133,523,815.53
Net	R0400	20,569,014.89	0.00	20,569,014.89
Changes in other technical provisions				
Gross - Direct Business	R0410			0.00
Gross - Proportional reinsurance accepted	R0420			0.00
Gross - Non-proportional reinsurance accepted	R0430			0.00
Reinsurers' share	R0440			0.00
Net	R0500	0.00	0.00	0.00
Expenses incurred	R0550	35,736,186.33		35,736,186.33
Other expenses	R1200			
Total expenses	R1300			35,736,186.33

Own Funds

S.23.01.04

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector						
Ordinary share capital (gross of own shares)	R0010	24,701,952.00	24,701,952.00			
Non-available called but not paid in ordinary share capital at group level	R0020	0.00				
Share premium account related to ordinary share capital	R0030	9,051,276.00	9,051,276.00			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	0.00				
Subordinated mutual member accounts	R0050	0.00				
Non-available subordinated mutual member accounts at group level	R0060	0.00				
Surplus funds	R0070	0.00				
Non-available surplus funds at group level	R0080	0.00				
Preference shares	R0090	0.00				
Non-available preference shares at group level	R0100	0.00				
Share premium account related to preference shares	R0110	0.00				
Non-available share premium account related to preference shares at group level	R0120	0.00				
Reconciliation reserve	R0130	-4,704,595.64	-4,704,595.64			
Subordinated liabilities	R0140	0.00				
Non-available subordinated liabilities at group level	R0150	0.00				
An amount equal to the value of net deferred tax assets	R0160	0.00				
The amount equal to the value of net deferred tax assets not available at the group level	R0170	0.00				
Other items approved by supervisory authority as basic own funds not specified above	R0180	0.00				
Non available own funds related to other own funds items approved by supervisory authority	R0190	0.00				
Minority interests (if not reported as part of a specific own fund item)	R0200	1,501,121.86	1,501,121.86			
Non-available minority interests at group level	R0210	0.00				
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	R0230	0.00				
whereof deducted according to art 228 of the Directive 2009/138/EC	R0240	0.00				
Deductions for participations where there is non-availability of information (Article 229)	R0250	0.00				
Deduction for participations included by using D&A when a combination of methods is used	R0260	0.00				
Total of non-available own fund items	R0270	0.00	0.00	0.00	0.00	0.00
Total deductions	R0280	0.00	0.00	0.00	0.00	0.00
Total basic own funds after deductions	R0290	30,549,754.22	30,549,754.22	0.00	0.00	0.00
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	0.00				
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	0.00				
Unpaid and uncalled preference shares callable on demand	R0320	0.00				
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	0.00				
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	0.00				
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	0.00				
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	0.00				
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	0.00				
Non available ancillary own funds at group level	R0380	0.00				
Other ancillary own funds	R0390	0.00				
Total ancillary own funds	R0400	0.00			0.00	0.00
Own funds of other financial sectors						
Credit Institutions, investment firms, financial insitutions, alternative investment fund manager, financial institutions	R0410	0.00				
Institutions for occupational retirement provision	R0420	0.00				
Non regulated entities carrying out financial activities	R0430	0.00				
Total own funds of other financial sectors	R0440	0.00	0.00	0.00	0.00	
Own funds when using the D&A, exclusively or in combination of method 1						
Own funds aggregated when using the D&A and combination of method	R0450	0.00				
Own funds aggregated when using the D&A and combination of method net of IGT	R0460	0.00				
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)	R0520	30,549,754.22	30,549,754.22	0.00	0.00	0.00
Total available own funds to meet the minimum consolidated group SCR	R0530	30,549,754.22	30,549,754.22	0.00	0.00	
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)	R0560	30,549,754.22	30,549,754.22	0.00		
Total eligible own funds to meet the minimum consolidated group SCR	R0570	30,549,754.22	30,549,754.22	0.00		
Consolidated Group SCR	R0590	26,136,680.26				
Minimum consolidated Group SCR	R0610	6,534,170.06				
Ratio of Eligible own funds to the consolidated Group SCR (excluding other financial sectors and the undertakings included via D&A)	R0630	1.1688				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	R0650	4.6754				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	R0660	30,549,754.22	30,549,754.22	0.00	0.00	0.00
SCR for entities included with D&A method	R0670					
Group SCR	R0680	26,136,680.26				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	R0690	1.1688				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	30,549,754.22
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	35,254,349.86
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Other non available own funds	R0750	
Reconciliation reserve	R0760	-4,704,595.64
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	
Total Expected profits included in future premiums (EPIFP)	R0790	0.00

Solvency Capital Requirement - for groups on Standard Formula

S.25.01.04

Article 112*	Z0010	2	1 - Article 112(7) reporting (output: x1) 2 - Regular reporting (output: x0)

Basic Solvency Capital Requirement

		Net solvency capital requirement	Gross solvency capital requirement	Allocation from adjustments due to RFF and Matching adjustments portfolios
		C0030	C0040	C0050
Market risk	R0010	5,644,619.71	5,644,619.71	
Counterparty default risk	R0020	15,330,113.83	15,330,113.83	
Life underwriting risk	R0030	0.00	0.00	
Health underwriting risk	R0040	0.00	0.00	
Non-life underwriting risk	R0050	4,207,378.37	4,207,378.37	
Diversification	R0060	-5,076,973.25	-5,076,973.25	
Intangible asset risk	R0070		0.00	
Basic Solvency Capital Requirement	R0100	20,105,138.66	20,105,138.66	

Calculation of Solvency Capital Requirement

		Value
		C0100
Adjustment due to RFF/MAP nSCR aggregation	R0120	0.00
Operational risk	R0130	6,031,541.60
Loss-absorbing capacity of technical provisions	R0140	0.00
Loss-absorbing capacity of deferred taxes	R0150	0.00
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC (transitional)	R0160	0.00
Solvency capital requirement, excluding capital add-on	R0200	26,136,680.26
Capital add-ons already set	R0210	0.00
Solvency capital requirement for undertakings under consolidated method	R0220	26,136,680.26
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	0.00
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	0.00
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	0.00
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	0.00
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0.00
Method used to calculate the adjustment due to RFF/MAP nSCR aggregation (*)	R0450	4
Net future discretionary benefits	R0460	0.00
Minimum consolidated group solvency capital requirement	R0470	6,534,170.06
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500	0.00
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	R0510	0.00
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	R0520	0.00
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non-regulated entities carrying out financial activities	R0530	0.00
Capital requirement for non-controlled participation requirements	R0540	0.00
Capital requirement for residual undertakings	R0550	0.00
Overall SCR		
SCR for undertakings included via D and A	R0560	0.00
Solvency capital requirement	R0570	26,136,680.26