



Solvency and Financial Condition Report – December 2016

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Solvency and Financial Condition Report – December 2016

| | |
|---|----|
| Executive Summary | 3 |
| A. Business and Performance | 4 |
| A.1 Business | 4 |
| A.2 Underwriting Performance | 5 |
| A.3 Investment Performance | 6 |
| A.4 Performance of other activities..... | 6 |
| A.5 Any other information..... | 6 |
| B. System of governance..... | 6 |
| B.1 General information on the system of governance | 6 |
| B.2 Fit and proper requirements..... | 9 |
| B.3 Risk Management system including the own risk and solvency assessment..... | 9 |
| Audience..... | 13 |
| B.4 Internal control system..... | 13 |
| B.5 Internal audit function..... | 14 |
| B.6 Actuarial function | 15 |
| B.7 Outsourcing | 15 |
| B8. Any other information..... | 16 |
| C. Risk Profile..... | 16 |
| C.1 Underwriting risk..... | 16 |
| C.2 Market risk..... | 16 |
| C.3 Counterparty default risk..... | 17 |
| C.4 Liquidity risk..... | 17 |
| C.5 Operational risk | 17 |
| C.6 Other material risks..... | 17 |
| C.7 Any other information..... | 18 |
| D. Valuation for Solvency Purposes..... | 18 |
| D.1 Assets..... | 18 |
| D.2 Technical Provisions..... | 18 |
| D.3 Other liabilities | 19 |
| D.4 Alternative methods for valuation..... | 19 |
| D.5 Any other information..... | 19 |
| E. Capital Management | 20 |
| E.1 Own funds..... | 20 |
| E.2 Solvency Capital Requirement and Minimum Capital Requirement..... | 20 |
| E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement | 20 |
| E.4 Differences between the standard formula and any internal modules used..... | 20 |



Solvency and Financial Condition Report – December 2016

E.5 Non-compliance with the minimum capital requirement and significant non-compliance with the solvency capital requirement 21

E.6 Any other information 21

Director’s statement 22

Audit Opinion 23

Annex 1 – Quantitative reporting templates..... 26



Solvency and Financial Condition Report – December 2016

Executive Summary

This report forms part of the annual submission to the Prudential Regulatory Authority under the new annual submission requirements following the implementation of Solvency II.

This is the first of such formal submissions and outlines the financial condition of Reliance National Insurance Company (Europe) Limited (“RNICE” or the “Company”), relative to the requirements under Solvency II.

As RNICE ceased underwriting in 2001 and completed a successful scheme of arrangement on the majority of its portfolio of risks in September 2012, there is very little inherent risk associated with the historic underwriting. Following the Solvent Scheme of arrangement the claim liabilities are substantially complete with the remaining liabilities in relation to UK Employers Liability (“EL”) business, written by RNICE between 1992 and 2001.

Given the period of cover there is little exposure to Asbestos related latent illness and there have been very few claims reported in respect to other claim types since 2011. There are currently 24 claims that are either open (16) or have outstanding loss reserves (8) against them which have been invoiced but are yet to be paid.

The company’s current activity is driven by regulatory and administrative reporting requirements given the lack of claims activity since its change of control. Therefore, the majority of the risk associated with RNICE is driven as a result of the remaining duration to extinguish all remaining insurance liabilities.

As of 31st December 2016 the Solvency position can be summarised by the following table:

| | Own Funds | SCR | MCR |
|---------------------------|-----------|-----------|-----------|
| Amount | 3,790,217 | 1,078,043 | 3,331,850 |
| Ratio to Own Funds | 100% | 352% | 114% |

The company currently has own funds of £3,790,217 relative to the standard formula calculation of the Solvency Capital Requirement (“SCR”) of £1,078,043 resulting in a solvency ratio of 352%.

The European Minimum Capital Requirement (“MCR”) for insurance entities is €3.7m. At the prescribed rate of exchange for 31st December 2016 this amounts to £3,331,850.

During the period, there were no material changes in the company’s business and performance, system of governance, risk profile, valuation for solvency purposes and capital management. The company does not foresee a change in the activity in the company or any new arising risks in the following year.



Solvency and Financial Condition Report – December 2016

A. Business and Performance

A.1 Business

Reliance National Insurance Company (Europe) Limited is an insurance company incorporated in England and Wales. Its principal activity is the transaction of general insurance business in the UK.

Reliance National Insurance Company (Europe) Limited was incorporated in England and Wales on 29 August 1979 with registered number 01445992 under the name San Francisco Insurance Company (U.K.) Limited.

It traded from that time until and including 1986, when it ceased underwriting. The Company did not trade in 1987 or 1988. In February 1989, the insurance business for the 1986 year and prior was transferred to St Paul Fire and Marine Insurance Company (UK) Limited. This transfer was approved by the Secretary of State for Trade and Industry, the regulator of insurance at that time. No liability in relation to this period remains with the Company and for the avoidance of doubt; any claims in the name of San Francisco Insurance Company (U.K.) Limited are the liability of St Paul Fire & Marine Insurance Company (UK) Limited.

The Company was not authorised to, and did not, trade in 1989 or 1990. It was reauthorized to trade on 27 February 1991. The Company was purchased by Reliance National (UK) Limited on 15 February 1991 and changed its name to Reliance National Insurance Company (UK) Limited on 1 March 1991. It then recommenced underwriting UK insurance business. Its ultimate holding Company was Reliance Group Holdings Inc. The Company changed its name to Reliance National Insurance Company (Europe) Limited on 30 September 1996.

On 15 January 2001 the Company informed the Financial Services Authority (“FSA”) that it had resolved to cease underwriting. Reliance Group Holdings Inc. filed for Chapter 11 bankruptcy protection in the United States of America on 11 June 2001. The Company voluntarily surrendered its licenses on 29 November 2001.

Following its US parent Reliance Insurance Company (“Reliance US”) being placed into liquidation on October 3, 2001, RNICE was acquired by Whittington Group in October 2003.

They managed the company in run-off for a number of years, implementing a Solvent Scheme of Arrangement in 2006 (Compromise or arrangement, Section 425 of the Companies Act 1985) which had the effect of finalising the majority of the companies claim liabilities with the final Scheme claims being settled in September 2012.

In October 2013 RNICE was acquired by ILS P&C Re. The administration has been subcontracted to Armour Risk Management Limited (“Armour Risk”) since this time. There were no material changes to the company’s business during the year.

RNICE is a private limited company registered in the UK which is limited by shares, it has no related undertakings. The Owner of RNICE Company Limited is ILS Property and Casualty Re Limited; a Bermuda licensed and incorporated reinsurer. The Owner is an indirect wholly owned subsidiary of ILS Property and Casualty Fund Limited, a Cayman based passive investment vehicle (“ILS Fund”). As the Fund is a passive investment vehicle, all day to day activities, including all investment decisions of the ILS Fund and of



Solvency and Financial Condition Report – December 2016

the Owner reside in the sub advisor to the Fund, ILS Investment Management Limited, a Bermuda based company (“ILS IM”). The controller of the Owner is ILS IM via a sub-advisory agreement. ILS IM is a wholly owned subsidiary of Armour Group Holdings Limited; a Bermuda incorporated company (“Armour Holdings”). Armour Holdings is the ultimate controller of licensed (re)insurers in Bermuda, the USA and the Cayman Islands. A Group structure chart can be found in section B.1.

RNICE (FRN 202329) is authorised and regulated by the Prudential Regulation Authority, which is part of the Bank of England, 20 Moorgate, London EC2R 6DA (enquiries@bankofengland.co.uk, 020 3461 4878).

The company’s independent auditors are PricewaterhouseCoopers LLP, 7 More London Riverside London SE1 2RT.

A.2 Underwriting Performance

The UK GAAP financial results for 2016 were as follows:

| Technical Account – General Business | 2016 | 2015 |
|--|--------------|--------------|
| | £’000 | £’000 |
| Claims incurred, net of reinsurance | | |
| Claims paid | | |
| gross amount | -8 | -39 |
| reinsurers’ share | - | 3 |
| | <u>-8</u> | <u>-36</u> |
| Change in the provision for claims | | |
| gross amount | 8 | 39 |
| reinsurers’ share | - | - |
| | <u>8</u> | <u>39</u> |
| Claims incurred, net of reinsurance | <u>-</u> | <u>3</u> |
| Net operating expenses | -150 | -185 |
| Total Technical charges | <u>-150</u> | <u>-185</u> |
| Balance on the technical account for general business | <u>-150</u> | <u>-182</u> |
| Non-Technical Account | | |
| Balance on the general business technical account | -150 | -182 |



Solvency and Financial Condition Report – December 2016

| | | |
|---|------------|------------|
| Investment income | 1 | 1 |
| Foreign exchange on monetary assets | <u>642</u> | <u>174</u> |
| Profit/(loss) on ordinary activities before taxation | 493 | -7 |
| Tax on profit/(loss) on ordinary activities | <u>-</u> | <u>-</u> |
| Profit/(loss) for the financial year | 493 | -7 |
| Profit/(loss) attributable to the owners of the parent | 493 | -7 |

A.3 Investment Performance

As part of running off its general insurance and reinsurance business, the Company operates a cautious investment strategy and all funds are held as bank deposits, thus expected returns are minimal.

The company holds surplus assets in US dollars in order to reduce currency risk for its stakeholders. This accounts for the Foreign exchange gains seen during the period.

All investment income and expenses are recognised through the Profit and Loss Account.

A.4 Performance of other activities

Responsibility for the day to day management of the Company has been outsourced to Armour Risk. The board monitors performance against the SLA and ensures costs are commensurate with the services provided and proportionate to the size of the entity. For 2016 Armour's fee was £105k. Armour service fees are based on an agreed budget calculated using a cost plus margin hourly charge rate applied against agreed estimated hours. The only other material expense was audit fees of £30k.

The company did not generate any income from other activities.

A.5 Any other information

None at this time.

B. System of governance

B.1 General information on the system of governance

RNICE is governed by a Board of 4 Directors. There is presently a vacancy for Chairman, this position is subject to regulatory approval and the Company is in the process of preparing the relevant regulatory application.

The Company currently has no employees and does not therefore have a remuneration committee. This approach will be reviewed in the event recruitment is required.

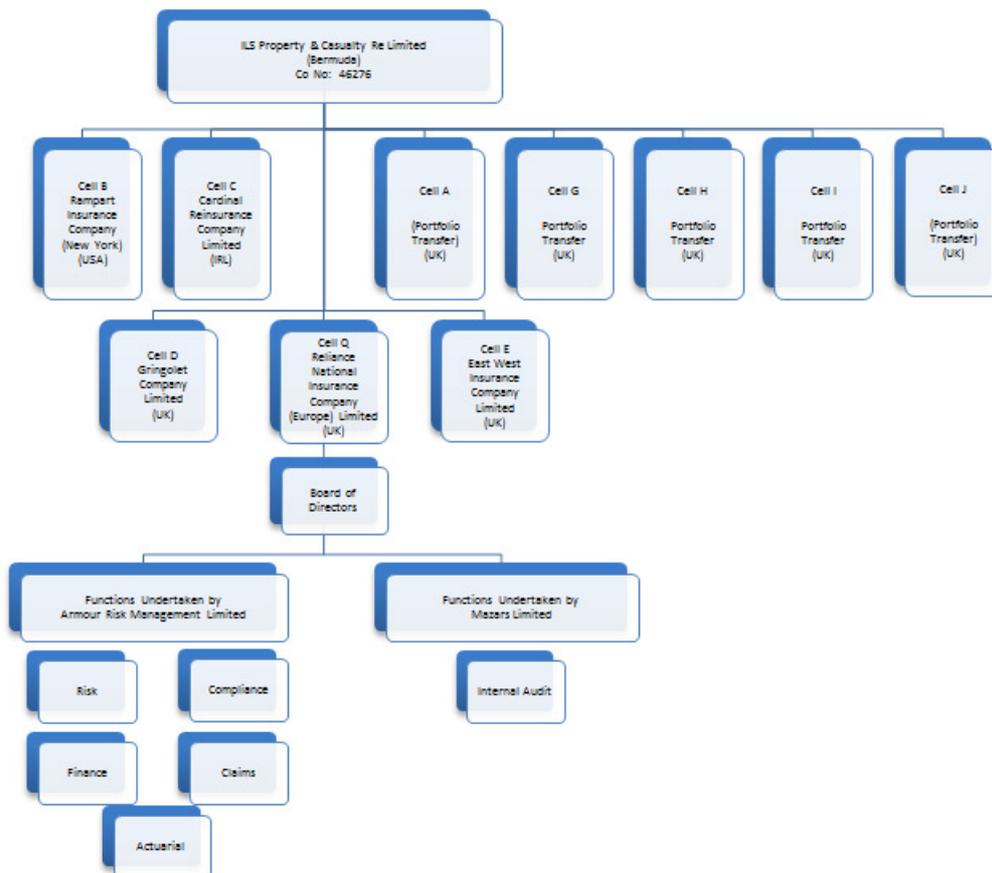


Solvency and Financial Condition Report – December 2016

The duties and responsibilities of the Board are documented in the Company's Governance Map which is subject to quarterly review and approval by the Board.

A comprehensive review of the Company's governance is planned for quarter 1, 2017. Any changes made will, once Board approval is received, be reflected in the Company's governance document and future regulatory reports and returns.

RNICE Organisation and Governance Chart





Solvency and Financial Condition Report – December 2016

Board of Directors

The Board consists of highly skilled individuals with significant experience in the insurance/reinsurance market. The Board meets quarterly, at minimum, to review and monitor Company performance.

The following were members of the Company's Board as at 31 December 2016

| | |
|--------------------|-------------------------------------|
| Director | Approved Function |
| Mr B S Huntington | SIMF 1 CEO |
| | SIMF 2 Head of Risk |
| Mr J C Williams | CF29 Significant Management |
| | SIMF 5 Head of internal audit |
| Mrs D P E Richards | SIMF 20 Chief Actuary |
| Vacancy | SIMF Chief Finance Function |
| | SIMF 9 Chairman |
| | SIMF 14 Senior Independent Director |

Key Functions

The following table contains details of the key functions of RNICE as determined by the Board.

| Key Function | Rationale |
|--------------------|---|
| Actuarial & Claims | <p>RNICE is a general insurance company which has been in run-off since 1997. Actuarial reserving is considered a key function that enables both the Board and key stakeholders to effectively monitor the remaining portfolio and ensure an efficient run-off for the policyholders.</p> <p>Being a company in run-off, a primary focus is on the accurate and timely payment of all valid claims. Therefore this is a key focus for the Board to ensure an efficient operation.</p> |
| Finance | <p>Finance is considered a key function to ensure the company effectively manages capital requirements and liquidity in line with regulatory requirements. Further, future run-off costs are a key consideration and as such the financial management, including expense cost control, is critical to the continued operation.</p> |
| Risk | <p>The management of risks facing the company is important. The ability to identify, quantify, manage and anticipate outcomes and their potential effects on the company and its remaining run-off. Given the very conservative investment policy of the Company most of the risk is derived from the claims liabilities. Therefore close monitoring of claims activity is a key function.</p> |
| Internal Audit | <p>Internal audit is considered a key control point to provide comfort to the Board and key stakeholders that statutory and regulatory operating thresholds and requirements are met and that the operation is being run in the optimum way so as to protect policyholders.</p> |
| Compliance | <p>Fit and proper, regulatory and statutory requirements are desirable and required to be met for the protection of policyholders</p> |



Solvency and Financial Condition Report – December 2016

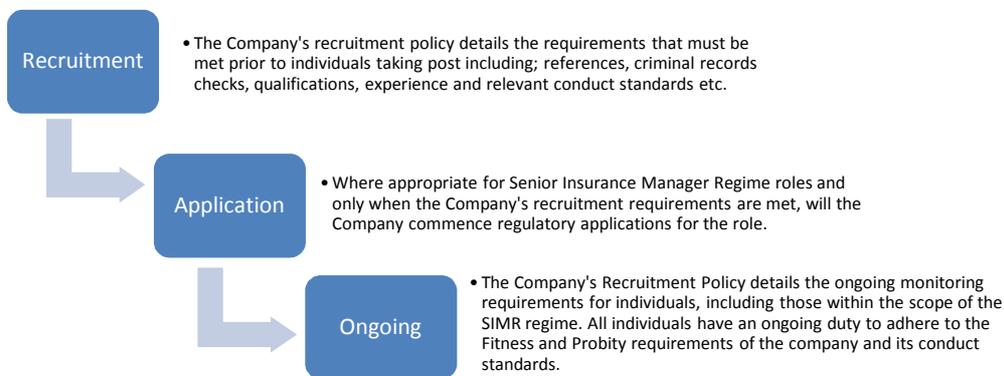
Outsourcing

All operational activities are outsourced via robust, third party service agreements. Further details on the nature, including; requirements, management reporting and oversight of outsourced service providers is provided in section B.7 Outsourcing, below.

The only material transaction with connected party was Armour Risk's administration fees (see section A.3). The relationship between Armour Risk and the company is explained in section A.1.

B.2 Fit and proper requirements

The Company is satisfied its framework for fitness and propriety is appropriate to ensure that individuals fulfilling controlled functions meet all relevant regulatory requirements



The Board's review of the continued suitability of directors to continue is evidenced by;

- Annual performance and development reviews, including training,
- Approval of directors appointments and approved persons,
- Oversight of outsource service providers.

The Outsource Service Provider, under the instruction of the governing Board, is responsible for ensuring individuals meet the regulators' fit and proper tests at the point of application. Further, approved persons are required to complete an annual attestation confirming that the fit and proper requirements for the role have been met and that they continue to adhere to the Company's conduct standards.

B.3 Risk Management system including the own risk and solvency assessment

The Company is committed to a robust Risk Management Culture and seeks to ensure that every member, officer or outsource service provider, has regard for the management of risks both in the decision making process and everyday work situations.

The Company's risk management process undertakes a best practice approach and focuses on understanding the key risks and managing them within acceptable levels in the interests of the protection and safety of assets for policyholders. It is a collaborative process where risk response plans are developed in concert with the stake holders who understand the risks and are best able to manage them.



Solvency and Financial Condition Report – December 2016

RNICE's Risk function is led by the Board who also act as Risk Committee. The Board/Committee should;

- Know about the most significant risks facing RNICE;
- Ensure appropriate levels of awareness throughout the organisation;
- Know how the organisation will manage a crisis;
- Be assured that the risk management process is working effectively;
- Publish a clear risk management policy covering risk management philosophy and responsibilities.

The Terms of Reference for the Board/Risk Committee is as follows;

- Set risk tolerance/appetite for RNICE and review, at least annually to ensure they continue to be appropriate;
- Promote good risk management practice throughout the Company by co-operation and liaison with outsource service providers and relevant external agencies and regulators;
- To assign an inherent risk rating and ownership, to new risks identified;
- To identify those risks that present the greatest risk to the business and to make proposals for reducing the potential probability or scale;
- To ensure that all actions agreed, in order to minimise risks, are completed in accordance with the agreed deadlines.

RNICE's risk framework includes separate Risk Appetite and Management Policies and qualitative register.

Appetite Policy

The Company maintains a Risk Appetite policy which is reviewed annually, at minimum and is set to reflect the Company strategy. The policy describes the areas under which the Company categorises its risks; including, strategic, financial, operational, reserving, market and regulatory and compliance and includes details of how risks arising are assessed for their acceptability/tolerance and likely impact.

As a company in run-off, it is considered inappropriate to measure risk tolerance against premium income or market reputation and therefore the Company has chosen to measure risk tolerance against impact on capital.

Management Policy

The Risk Management Policy describes the way the Company oversees risk management and the method by which risks are reviewed; including their mitigation, escalation and testing.

Register

Key data contained in the register is;

- Risk Area; e.g. Strategic, market, operational
- Risk Description
- Gross Risk, Potential Impact
- Inherent Risk; based on assessment criteria
- Mitigation; Strategic, Management and Governance, Controls, Financial Mitigation
- Residual Risk; based on assessment criteria having applied mitigation
- Action Plan
- Risk Owner



Solvency and Financial Condition Report – December 2016

Outsource Service Provider Prescribed Responsibilities for Company Risk Management

- To support the provision of staff training in, and raise the level of, risk awareness;
- New Risks – Supply details of the risk to the Board/Risk Committee such that they may evaluate it and determine whether it should be incorporated in the Risk Register;
- Inherent Risk Rating – Submit information regarding the likelihood and potential impact of the risk to the Board/Committee such that they may assign an appropriate inherent risk rating based upon the Risk Matrix;
- Risk Mitigation Procedures/Controls in Place – Supply information to the Board/Risk Committee on new work practices/changes made to existing work practices;
- Residual Risk Rating – Submit information to the Board/Risk Committee such that they may assign an appropriate residual risk rating based upon the Risk Matrix;
- Exposures/Opportunities Identified – Provide the Board/Risk Committee with details of proposed enhancements to existing/new practices such that they may consider the proposed course of action: This should include;
 - Details of benefits
 - Details of costs both financial and non-financial.
 - Estimates of timescales for implementation.
- Actions Planned By When/Who – As a result of the Board/Committee's discussions, appropriate information including agreed actions and subsequent progress will be recorded in the Risk Register (Appendix B).

Own Risk and Solvency Assessment

The Company's ORSA Policy outlines the processes, procedures, timing and approval requirements for the production of the Company's ORSA.

ORSA Policy

This ORSA Policy provides the purpose of the ORSA and guidelines for the Company to develop the ORSA Report, outlining a comprehensive risk management framework that will enable the Company to:

- Manage risks and capital with forward-looking perspectives;
- Implement risk management and control processes appropriate for the Company's business nature, objectives and complexity;
- Integrate risk management with capital actions to support the business strategy and planning; and
- Coordinate company-level risk management with group-level considerations.

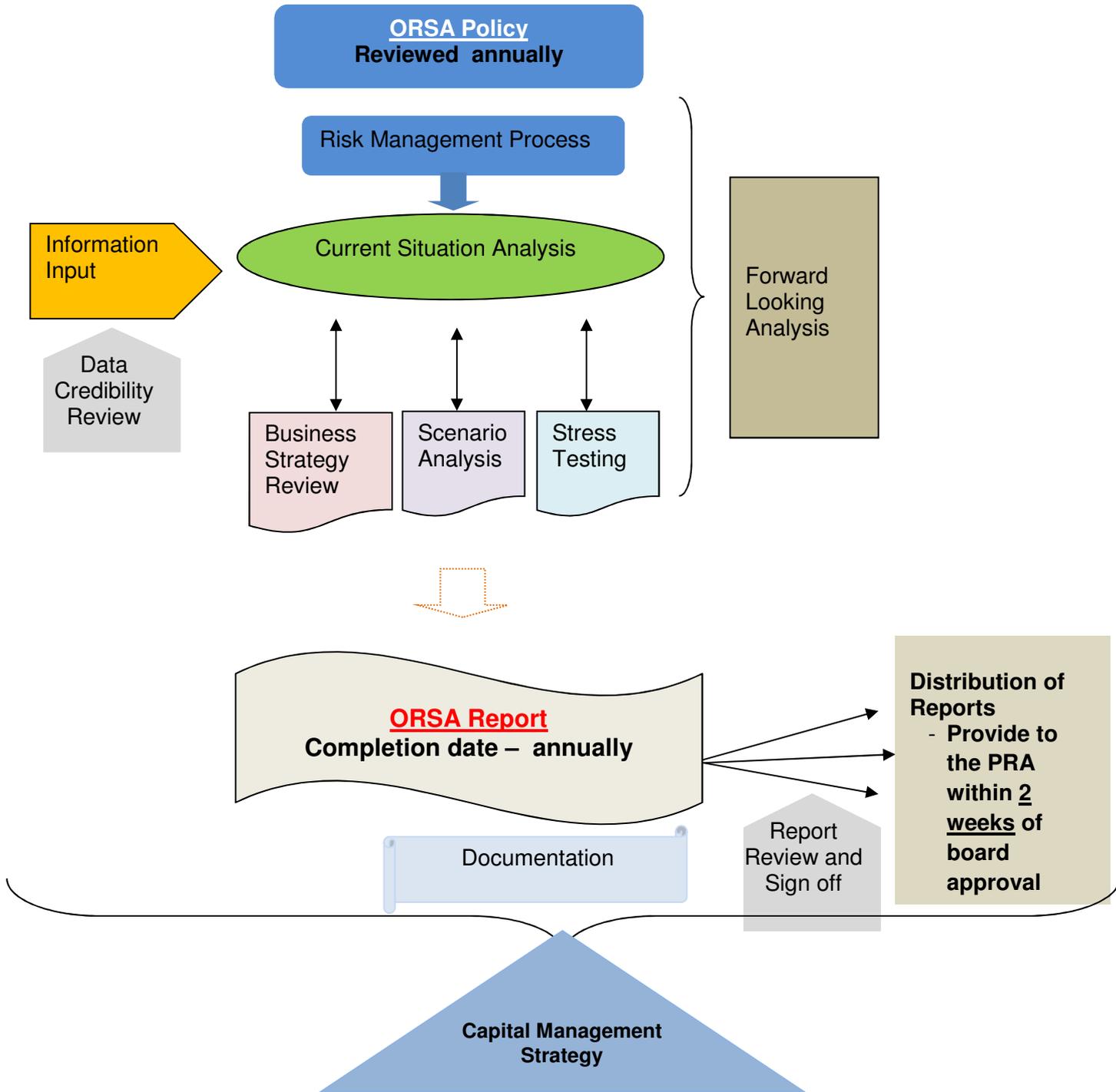
ORSA Process

The ORSA process encourages the Company to develop continuous, forward-looking assessments of Company-level risks, as well as an assessment of potential risks the Company can face based on the Company's business plan under either normal or stress scenarios. It also links the Company's risk assessment and capital views to the Company's financial solvency.

RNICE has adopted a module approach for the conducting of an ORSA process. The diagram on page 12 provides an overview of the processes conducted.



Solvency and Financial Condition Report – December 2016





Solvency and Financial Condition Report – December 2016

ORSA Report

The ORSA policy directs that the ORSA report include, at a minimum, the following components:

- Executive Summary
- Confirmation Statements
- Strategy and Business Plan
- Risk Management Overview
- Risk Profile (including any breaches in appetite/tolerance)
- Capital Requirement and Solvency Assessment
- Stress and Scenario Analysis
- Forward Looking Assessment
- Governance
- Appendices

Audience

The final ORSA Report will be distributed to various parties and stakeholders of the Company including; regulators, shareholders, board of directors, management and service providers.

The report distribution criteria depend on the requirements of different parties/stakeholders (such requirements are usage of reports for decision making process and/or monitoring of solvency capital requirements).

Timing

Given the scale and complexity of the Company the main ORSA process will be performed at least once a year. However the process will be triggered in the event of a material change in the Company's risk profile.

Whilst the ORSA process will be completed once a year, the goal for the ORSA is continuous use within the Company. It is meant to become an integral piece of the operations in an effort to decrease risk.

The ORSA inputs are produced and monitored on an on-going basis by the outsource service provider, throughout the year.

In accordance with the ORSA Policy the Company is scheduled to conduct the process with a view to production of the 2017 ORSA report by 30 June 2017. Following Board approval, the report will be circulated to regulators and other key stakeholders within 2 weeks.

B.4 Internal control system

The Company operates a robust system of controls over the recognition and reporting of transactions.

Claim Services

Subject to delegation authorities and/or limits specified by ILS P&C Re, Armour Risk will negotiate, accept, reject, and settle any and all claims made in respect of insurance /reinsurance business of the Company.

Compliance Services



Solvency and Financial Condition Report – December 2016

Armour Risk supplies compliance services to the company. This document provides an overview of the services provided.

Financial Services

Subject to delegation authorities and/or limits specified by ILS P&C Re, Armour Risk administers bank accounts, cash management, processing of cash receipts and disbursements, and any related to treasury services on behalf of the company. Dual signatures are the minimum requirement on all payments.

Bank account reconciliations are undertaken on a monthly basis. Other control accounts are reconciled quarterly. All reconciliations are subject to review by management.

Financial reports are prepared on a quarterly basis, with explanatory statements for key movements in the period for management review. Regulatory and statutory reporting will be subject to the review and approval of the board.

IT Services

As part of the services provided by Armour Risk, the company has in place disaster recovery plans and systems as required by the regulator or the board.

B.5 Internal audit function

Internal audit is vital to determining whether the risk program for the Company is operating the way it is intended and documented. A strong, independent internal audit function is the hallmark of the “third line of defence” for ERM, designed to enhance the Company’s risk governance framework by providing independent verification of risk management.

Key features have to be respected in order to ensure an appropriate working of the function within the framework of Solvency II and in compliance with the Institute of Internal Auditing (IIA) standards. These key features are the following:

Independence and objectivity

Internal audit will be, at all times, independent of the activities it audits. Such independence will allow the internal audit function to perform its work freely and objectively. It will also allow the function to render impartial and unbiased judgments essential to the proper conduct of its activities objectively.

Proficiency and due professional care

In parallel, all internal audit engagements must be performed with proficiency and due professional care. This means that internal auditors must have or must acquire, where necessary, skills and any other competencies needed to perform their individual responsibilities.

Professional ethics

In order to comply with professional ethics, the internal audit function must adhere to the IIA’s mandatory guidance including the IIA’s Definition of Internal Auditing, Code of Ethics and its Standards. This mandatory guidance constitutes the principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal auditing function’s performance.

Current year

The Company outsources the internal audit function to Mazars, Ireland. The audit scope and plan for 2016/2017 will be reviewed and approved by the Board/Audit Committee and



Solvency and Financial Condition Report – December 2016

will take a risk based approach, using the Company's Risk Appetite Policy and Register as point of reference.

It is anticipated that initial audits will focus on the Company's Use of Service Provider Policy to ensure the effective operations of all outsourced activities.

All audit reports will be reviewed by the Board/Audit Committee and any required actions will be advised to other outsource service providers as required. Any action plans, required in response to internal audit findings, will be reviewed and approved by the Board/Audit Committee and subject to strict oversight to ensure these are fulfilled to the satisfaction of the Company, and in accordance with recommendations.

B.6 Actuarial function

The Actuarial function is outsourced to Armour Risk and subsequently carried out by Babak Termeh Baf Shirazi, FIA or other qualified member where required and subsequently peer reviewed by Stuart Wrenn, FIA.

The work carried out includes:

- Quarterly and annual Solvency calculations
- Annual Reserve review
- Quarterly reserve monitoring process
- Production of the Actuarial Function Report

B.7 Outsourcing

Oversight of the Company's service providers is overseen and managed by the Company's Third Party Service Agreement and Use of Service Provider Policy ("USP"). The USP contains detailed requirements regarding;

- Relationship management
- Due diligence and third party selection
- Contract negotiation
- Ongoing monitoring
- Termination
- Oversight and accountability
- Documentation and reporting
- Independent review requirements

The USP is subject to regular review and approval by the Company's Board.

The Service Provider shall provide a quarterly report providing the following:

- Statutory management accounts, prepared in accordance with Solvency II regulation;
- A written management report, benchmarked against the strategy and service agreement as determined and agreed by the Board of Directors of RNICE and the Service Provider;
- Any movement in assets or liabilities that negatively affects the statutory capital of RNICE by more than 5% is to be reported to the Board of Directors of the Company immediately;
- The Service Provider will be available to attend the quarterly Board meetings to provide a verbal report and answer any question the Board of Directors may have;



Solvency and Financial Condition Report – December 2016

- At all time the Service Provider will co-operate with the internal audit team and implement all reasonable requests immediately.

B8. Any other information

None at this time.

C. Risk Profile

The following section outlines the areas of risk as calculated under the EIOPA guidance around the standard formula model as well as providing narrative around the specific application to Reliance National Insurance Company (Europe) Limited.

The principle risk that the company is exposed to is Currency Risk. This is due to a mismatch between the company's reporting currency and the reporting currency of the fund that owns the company. From the stakeholders' perspective this is not a material risk.

Assets have been invested in accordance with the prudent person principle.

Stress testing is not performed as the risks are all small, relative to the company's MCR. The companies SCR would not exceed its MCR in any reasonably foreseeable circumstances.

C.1 Underwriting risk

Underwriting risk under Solvency II is derived through a combination of risk associated with the unearned and earned business. The company has not accepted any new business since 2001 therefore there is no future event risk associated with unearned premium.

The current outstanding loss reserves are being held against 24 claims of which 8 are still open. During 2016 there were 4 reported claims which is a marked reduction from the 2015 where 17 claims were reported.

The current underwriting Risk BSCR values are as follows:

| | Standalone | Diversified |
|-------------------------------|------------|-------------|
| Underwriting Risk BSCR | £95,829 | £83,116 |

Underwriting risk is mitigated by claims management controls. The risk is small relative to the company's MCR, so there would be no capital benefit from using reinsurance to mitigate this risk.

C.2 Market risk

The company holds all its assets in cash where possible in particular the board has elected to hold any excess asset above the expected liabilities in USD. As a result the Market risk is driven by currency risk associated with having a UK entity holding excess assets in USD in the event of devaluation of the USD in respect to GBP.



Solvency and Financial Condition Report – December 2016

There is a small interest rate risk associated with the timing mismatch associated with cash and the future liabilities however this is immaterial in the overall Market risk calculation.

The current Market Risk BSCR values are as follows:

| | Standalone | Diversified |
|-------------------------|------------|-------------|
| Market Risk BSCR | £988,540 | £857,390 |

The investment strategy is considered prudent. Interest Rate Risk is immaterial, so cash is a suitable investment. Although holding US dollar assets exposes the company to Currency Risk on a regulatory basis, it reduces Currency Risk for the company's stakeholders.

C.3 Counterparty default risk

The company holds 87% of its cash assets in 3 bank accounts as a result there is an element of counterparty default risk should one of these companies become bankrupt. This risk is mitigated by holding these deposits with large 'A' and 'BBB' rated banks. Other assets are immaterial.

The current counterparty Risk BSCR values are as follows:

| | Standalone | Diversified |
|---------------------------------------|------------|-------------|
| Counterparty default Risk BSCR | £148,531 | £128,826 |

C.4 Liquidity risk

As the company holds all its cash there is no liquidity risk.

C.5 Operational risk

As the company no longer writes ongoing business the operational risk associated with the company is in relation to any fraudulent activity where cash may be stolen from the company and or any risk of regulatory fines associated as a result of any potential non-compliance.

There are a number of processes in place to ensure that no one person may access funds without a second signatory and therefore we believe there is limited risk associated with fraudulent cash payments.

The current operational Risk BSCR values are as follows:

| | Standalone |
|------------------------------|------------|
| Operational Risk BSCR | £8,712 |

C.6 Other material risks

There is a risk that the company will not be able to settle its known losses in the expected time frames and therefore would need to increase its expense reserves.



Solvency and Financial Condition Report – December 2016

In order to reduce this risk, the board have put in place a plan to combine these liabilities with another group owned portfolio through a Part VII transfer. This would ensure the provision of future expenses going forward.

C.7 Any other information

No further information at this time.

D. Valuation for Solvency Purposes

This section outlines the methodology used to calculate the Solvency II balance sheet items relative to the local accounting methods.

D.1 Assets

The assets in the company are either cash or receivables and therefore valuation of these amounts under Solvency II has been taken to be the values under the local reporting requirements.

The cash balances are as follows:

| Issuer Name | LEI | Currency | Valuation |
|---|----------------------|----------|------------|
| THE ROYAL BANK OF SCOTLAND PUBLIC LIMITED COMPANY | RR3QWICWWIPCS8A4S074 | GBP | £340,808 |
| NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY | 213800IBT39XQ9C4CP71 | GBP | £218,752 |
| BARCLAYS BANK PLC | G5GSEF7VJP5I7OUK5573 | GBP | £643 |
| HSBC BANK PLC | MP6I5ZYZBEU3UXPYFY54 | GBP | £1,581 |
| LLOYDS BANK PLC | H7FNTJ4851HG0EXQ1Z70 | USD | £125 |
| NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY | 213800IBT39XQ9C4CP71 | USD | £930,018 |
| BARCLAYS BANK PLC | G5GSEF7VJP5I7OUK5573 | USD | £1,817,153 |
| HSBC BANK PLC | MP6I5ZYZBEU3UXPYFY54 | USD | £1,213,857 |
| LLOYDS BANK PLC | H7FNTJ4851HG0EXQ1Z70 | USD | £6,145 |
| BARCLAYS BANK PLC | G5GSEF7VJP5I7OUK5573 | EUR | £7,549 |

Cash balances are valued at their nominal value on the date on question.

Other assets consist of sundry debtors which are held at their nominal value and recognised when they fall due; however, they are immaterial.

Due to their nature, no judgements or assumptions have been made in their valuation. There has been no change the valuation and recognition basis during the year.

D.2 Technical Provisions

The company has determined the technical provisions as per the EIOPA guidance as the discounted best estimate of reserves plus the risk margin. The company has elected to use method 2 for the calculation of the risk margin.



Solvency and Financial Condition Report – December 2016

Technical Provisions consist of Direct UK General Liability business. Their value as at 31/12/2016 was:

| | |
|---------------|-------------|
| Best Estimate | £290,391.63 |
| Risk margin | £10,362.00 |

The Best Estimate has been calculated based on Reported But Not Settled claims and Incurred But Not Reported claims using a frequency severity approach, based on previous experience.

By comparison to the GAAP reserves the Solvency II reserves allow for additional Loss Adjustment Expenses (+£213k) and discounting for the time value of money (-£2k).

The company has not taken advantage of any of the transitional provisions under Solvency II or for a Matching or Volatility Adjustment.

The valuation basis is consistent with the prior year.

Technical Provisions are based on forecasts of future claims, which are inherently uncertain. Ultimate claims could be either higher or lower than the amounts assumed. Section C.1 provides a quantification of the risk of Technical Provisions being understated.

There are no recoverables from reinsurance or Special Purpose Vehicles (“SPVs”). No transitional provisions have been used. No Simplifications have been used except for calculation of the Risk Margin.

D.3 Other liabilities

Other liabilities consist of Expense Accruals of £38k and Sundry Creditors of £379k. These liabilities have been valued on an identical basis for both UK GAAP accounts and for Solvency II.

Expense Accruals have been valued on a historic cost basis. Sundry creditors are held at their nominal value. Sundry Creditors are recognised when they fall due. Expense Accruals are recognised when the expense is incurred and amortised over the period during which the associated good or services are received. There has been no change to the recognition and valuation bases during the period.

D.4 Alternative methods for valuation

Not applicable.

D.5 Any other information

None at this time.



Solvency and Financial Condition Report – December 2016

E. Capital Management

E.1 Own funds

This section describes the solvency requirements of RNICE and the level of own funds in relation to the indicated required solvency requirements.

Under the Solvency II guidance, the indicated eligible own funds of RNICE are currently £3,790,217; there are no ineligible own funds. The SCR based on the expected liabilities is currently £1,078,043.

The EIOPA guidelines indicate that all insurance entities must operate with a minimum capital of €3.7m. The prescribed rate of exchange is as at 31st October 2016 and is applicable with effect from 31st December 2016. Hence the Minimum Capital Requirement equates to £3,331,850.

The company's objective is to hold the minimum Own Funds consistent with its Risk Appetite. Own Funds are monitored on a quarterly basis.

Own Funds consist of Tier 1 Share Capital of £100 plus a Tier 1 Reconciliation Reserve of £3.8m. This compares to £4.1m of capital contributions and accumulated profits and losses in the UK GAAP accounts. The difference is primarily caused by the higher expense provisions in the Solvency II Technical Provisions.

There have been no major changes to Own Funds during the period other than income disclosed on the Profit and Loss Account (see Section A.2).

E.2 Solvency Capital Requirement and Minimum Capital Requirement

The SCR is £1,008,602, which is below the Absolute Minimum Capital Requirement ("AMCR") of £3,331,850. Hence the MCR is equal to the AMCR, which is €3.7m multiplied by the exchange rate specified by the Bank of England (0.90050).

The table shows the components of the SCR:

| Analysis of SCR | £ |
|---|------------------|
| Market risk | 931,992 |
| Counterparty default risk | 102,710 |
| Non-life underwriting risk | 105,370 |
| Diversification | -141,048 |
| Basic Solvency Capital Requirement | 999,023 |
| Operational risk | 9,579 |
| Solvency Capital Requirement | 1,008,602 |

No simplifications or Undertaking Specific Parameters ("USPs") have been used in the calculation of the SCR.

E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

Not applicable.

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

Not applicable.



Solvency and Financial Condition Report – December 2016

E.5 Non-compliance with the minimum capital requirement and significant non-compliance with the solvency capital requirement

Not applicable.

E.6 Any other information

Not applicable.



Solvency and Financial Condition Report – December 2016

Director's statement

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

We are satisfied that:

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

Director



Solvency and Financial Condition Report – December 2016

Report of the external independent auditors to the Directors of Reliance National Insurance Company (Europe) Limited ('the Company') pursuant to Rule 4.1 (2) of the External Audit Part of the PRA Rulebook applicable to Solvency II firms

Report on the Audit of the relevant elements of the Solvency and Financial Condition Report

Opinion

We have audited the following documents prepared by the Company as at 31 December 2016:

- The 'Valuation for solvency purposes' and 'Capital Management' sections of the Solvency and Financial Condition Report of the Company as at 31 December 2016, (**the Narrative Disclosures subject to audit**); and
- Company templates S.02.01.02, S.17.01.02, S.23.01.01, S.25.01.21 and S.28.01.01 (**the Templates subject to audit**).

The Narrative Disclosures subject to audit and the Templates subject to audit are collectively referred to as the '**relevant elements of the Solvency and Financial Condition Report**'.

We are not required to audit, nor have we audited, and as a consequence do not express an opinion on the **Other Information** which comprises:

- The 'Summary', 'Business and performance', 'System of governance' and 'Risk profile' elements of the Solvency and Financial Condition Report;
- Company templates S.05.01.02, S.05.02.01;
- The written acknowledgement by management of their responsibilities, including for the preparation of the Solvency and Financial Condition Report (**the Responsibility Statement**).

To the extent the information subject to audit in the relevant elements of the Solvency and Financial Condition Report includes amounts that are totals, sub-totals or calculations derived from the Other Information, we have relied without verification on the Other Information.

In our opinion, the information subject to audit in the relevant elements of the Solvency and Financial Condition Report of the Company as at 31 December 2016 is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & I)), International Standard on Auditing (UK) 800 and International Standard on Auditing (UK) 805, and applicable law. Our responsibilities under those



Solvency and Financial Condition Report – December 2016

standards are further described in the *Auditors' Responsibilities for the Audit of the relevant elements of the Solvency and Financial Condition Report* section of our report.

Emphasis of Matter - Basis of Accounting

We draw attention to the Valuation for solvency purposes of the Solvency and Financial Condition Report, which describe the basis of accounting. The Solvency and Financial Condition Report is prepared in compliance with the financial reporting provisions of the PRA Rules and Solvency II regulations, and therefore in accordance with a special purpose financial reporting framework. The Solvency and Financial Condition Report is required to be published, and intended users include but are not limited to the Prudential Regulation Authority. As a result, the Solvency and Financial Condition Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Directors for the Solvency and Financial Condition Report

The Directors are responsible for the preparation of the Solvency and Financial Condition Report in accordance with the financial reporting provisions of the PRA rules and Solvency II regulations.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Solvency and Financial Condition Report that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the relevant elements of the Solvency and Financial Condition Report

It is our responsibility to form an independent opinion, in accordance with applicable law, ISAs (UK & I) and ISAs (UK) 800 and 805 as to whether the information subject to audit in the relevant elements of the Solvency and Financial Condition Report is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based. ISAs (UK & I) require us to comply with the Auditing Practices Board's Ethical Standard for Auditors

An audit involves obtaining evidence about the amounts and disclosures in the relevant elements of the Solvency and Financial Condition Report sufficient to give reasonable assurance that the relevant elements of the Solvency and Financial Condition Report are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the relevant elements of the Solvency and Financial Condition Report. In addition, we read all the financial and non-financial information in the Solvency and Financial Condition Report to identify material inconsistencies with the audited relevant elements of the Solvency and Financial Condition Report. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

This report, including the opinion, has been prepared for the Directors of the Company to comply with their obligations under External Audit rule 2.1 of the Solvency II firms Sector of the PRA Rulebook and for no other purpose. We do not, in providing this report, accept



Solvency and Financial Condition Report – December 2016

or assume responsibility for any other purpose save where expressly agreed by our prior consent in writing.

Report on Other Legal and Regulatory Requirements

In accordance with Rule 4.1 (3) of the External Audit Part of the PRA Rulebook for Solvency II firms we are required to read the Other Information and consider whether it is materially inconsistent with the relevant elements of the Solvency and Financial Condition Report and our knowledge obtained in the audits of the Solvency and Financial Condition Report and of the Company's statutory financial statements. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

PricewaterhouseCoopers LLP

*PricewaterhouseCoopers LLP
Chartered Accountants
7 More London Riverside
19 May 2017*

- The maintenance and integrity of the Reliance National Insurance Company (Europe) Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Solvency and Financial Condition Report since it was initially presented on the website.
- Legislation in the United Kingdom governing the preparation and dissemination of Solvency and Financial Condition Reports may differ from legislation in other jurisdictions.



Solvency and Financial Condition Report – December 2016

Annex 1 – Quantitative reporting templates

We have not provided the S.19.01 series of templates as there is limited information available to produce accurate or useful triangles. The company was purchased by the new shareholders in 2013 and there was no data in regards to the historic paid and outstanding loss reserves at that time. The review of ultimate reserves is currently carried out on an individual loss basis and therefore has not relied on development triangles. We are in a position to produce triangles as of December 2012, however we would note that there has been little data/movement since this date.

The following templates are provided on pages 27 onward.

- S.02.01.02 – Balance Sheet
- S.05.01.02 – Premiums, claims and expenses by line of business
- S.05.02.01 – Premiums, claims and expenses by country
- S.17.01.02 – Non-life technical provisions
- S.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

Reliance National Insurance Company (Europe) Limited

Annex I

S.02.01.02

Balance sheet

| | Solvency II value |
|--|----------------------|
| | C0010 |
| Assets | |
| Intangible assets | R0030 |
| Deferred tax assets | R0040 |
| Pension benefit surplus | R0050 |
| Property, plant & equipment held for own use | R0060 |
| Investments (other than assets held for index-linked and unit-linked contracts) | R0070 |
| Property (other than for own use) | R0080 |
| Holdings in related undertakings, including participations | R0090 |
| Equities | R0100 |
| Equities - listed | R0110 |
| Equities - unlisted | R0120 |
| Bonds | R0130 |
| Government Bonds | R0140 |
| Corporate Bonds | R0150 |
| Structured notes | R0160 |
| Collateralised securities | R0170 |
| Collective Investments Undertakings | R0180 |
| Derivatives | R0190 |
| Deposits other than cash equivalents | R0200 |
| Other investments | R0210 |
| Assets held for index-linked and unit-linked contracts | R0220 |
| Loans and mortgages | R0230 |
| Loans on policies | R0240 |
| Loans and mortgages to individuals | R0250 |
| Other loans and mortgages | R0260 |
| Reinsurance recoverables from: | R0270 |
| Non-life and health similar to non-life | R0280 |
| Non-life excluding health | R0290 |
| Health similar to non-life | R0300 |
| Life and health similar to life, excluding health and index-linked and unit-linked | R0310 |
| Health similar to life | R0320 |
| Life excluding health and index-linked and unit-linked | R0330 |
| Life index-linked and unit-linked | R0340 |
| Deposits to cedants | R0350 |
| Insurance and intermediaries receivables | R0360 |
| Reinsurance receivables | R0370 |
| Receivables (trade, not insurance) | R0380 3 |
| Own shares (held directly) | R0390 |
| Amounts due in respect of own fund items or initial fund called up but not yet paid in | R0400 |
| Cash and cash equivalents | R0410 4537 |
| Any other assets, not elsewhere shown | R0420 |
| Total assets | R0500 4540 |

Annex I

S.02.01.02

Balance sheet

| | Solvency II value |
|---|------------------------------|
| | C0010 |
| Liabilities | |
| Technical provisions – non-life | R0510 301 |
| Technical provisions – non-life (excluding health) | R0520 301 |
| TP calculated as a whole | R0530 |
| Best Estimate | R0540 291 |
| Risk margin | R0550 10 |
| Technical provisions - health (similar to non-life) | R0560 |
| TP calculated as a whole | R0570 |
| Best Estimate | R0580 |
| Risk margin | R0590 |
| Technical provisions - life (excluding index-linked and unit-linked) | R0600 |
| Technical provisions - health (similar to life) | R0610 |
| TP calculated as a whole | R0620 |
| Best Estimate | R0630 |
| Risk margin | R0640 |
| Technical provisions – life (excluding health and index-linked and unit-linked) | R0650 |
| TP calculated as a whole | R0660 |
| Best Estimate | R0670 |
| Risk margin | R0680 |
| Technical provisions – index-linked and unit-linked | R0690 |
| TP calculated as a whole | R0700 |
| Best Estimate | R0710 |
| Risk margin | R0720 |
| Contingent liabilities | R0740 |
| Provisions other than technical provisions | R0750 |
| Pension benefit obligations | R0760 |
| Deposits from reinsurers | R0770 |
| Deferred tax liabilities | R0780 |
| Derivatives | R0790 |
| Debts owed to credit institutions | R0800 |
| Financial liabilities other than debts owed to credit institutions | R0810 |
| Insurance & intermediaries payables | R0820 |
| Reinsurance payables | R0830 |
| Payables (trade, not insurance) | R0840 411 |
| Subordinated liabilities | R0850 |
| Subordinated liabilities not in BOF | R0860 |
| Subordinated liabilities in BOF | R0870 |
| Any other liabilities, not elsewhere shown | R0880 38 |
| Total liabilities | R0900 750 |
| Excess of assets over liabilities | R1000 3790 |

Annex I

S.05.01.02

Premiums, claims and expenses by line of business

| | | Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance) | | | | | | | | |
|--|--------------|---|-----------------------------------|---------------------------------------|--|--------------------------|---|--|-----------------------------------|---------------------------------------|
| | | Medical expense insurance | Income protection insurance | Workers' compensation insurance | Motor vehicle liability insurance | Other motor insurance | Marine, aviation and transport insurance | Fire and other damage to property insurance | General liability insurance | Credit and suretyship insurance |
| | | C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 |
| Premiums written | | | | | | | | | | |
| Gross - Direct Business | R0110 | | | | | | | | | |
| Gross - Proportional reinsurance accepted | R0120 | | | | | | | | | |
| Gross - Non-proportional reinsurance accepted | R0130 | | | | | | | | | |
| Reinsurers' share | R0140 | | | | | | | | | |
| Net | R0200 | | | | | | | | | |
| Premiums earned | | | | | | | | | | |
| Gross - Direct Business | R0210 | | | | | | | | | |
| Gross - Proportional reinsurance accepted | R0220 | | | | | | | | | |
| Gross - Non-proportional reinsurance accepted | R0230 | | | | | | | | | |
| Reinsurers' share | R0240 | | | | | | | | | |
| Net | R0300 | | | | | | | | | |
| Claims incurred | | | | | | | | | | |
| Gross - Direct Business | R0310 | | | | | | | | | |
| Gross - Proportional reinsurance accepted | R0320 | | | | | | | | | |
| Gross - Non-proportional reinsurance accepted | R0330 | | | | | | | | | |
| Reinsurers' share | R0340 | | | | | | | | | |
| Net | R0400 | | | | | | | | | |
| Changes in other technical provisions | | | | | | | | | | |
| Gross - Direct Business | R0410 | | | | | | | | | |
| Gross - Proportional reinsurance accepted | R0420 | | | | | | | | | |
| Gross - Non- proportional reinsurance accepted | R0430 | | | | | | | | | |
| Reinsurers' share | R0440 | | | | | | | | | |
| Net | R0500 | | | | | | | | | |
| Expenses incurred | R0550 | | | | | | | | 150 | |
| Other expenses | R1200 | | | | | | | | | |
| Total expenses | R1300 | | | | | | | | | |

Annex I

S.05.01.02

Premiums, claims and expenses by line of business

| | | 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 | |
|--|--------------|---|--------------|------------------------------|--|--------------|-----------------------------|-------|--------------|
| | | Legal expenses insurance | Assistance | Miscellaneous financial loss | Health | Casualty | Marine, aviation, transport | | Property |
| | | C0100 | C0110 | C0120 | C0130 | C0140 | C0150 | | C0160 |
| Premiums written | | | | | | | | | |
| Gross - Direct Business | R0110 | | | | | | | | |
| Gross - Proportional reinsurance accepted | R0120 | | | | | | | | |
| Gross - Non-proportional reinsurance accepted | R0130 | | | | | | | | |
| Reinsurers' share | R0140 | | | | | | | | |
| Net | R0200 | | | | | | | | |
| Premiums earned | | | | | | | | | |
| Gross - Direct Business | R0210 | | | | | | | | |
| Gross - Proportional reinsurance accepted | R0220 | | | | | | | | |
| Gross - Non-proportional reinsurance accepted | R0230 | | | | | | | | |
| Reinsurers' share | R0240 | | | | | | | | |
| Net | R0300 | | | | | | | | |
| Claims incurred | | | | | | | | | |
| Gross - Direct Business | R0310 | | | | | | | | |
| Gross - Proportional reinsurance accepted | R0320 | | | | | | | | |
| Gross - Non-proportional reinsurance accepted | R0330 | | | | | | | | |
| Reinsurers' share | R0340 | | | | | | | | |
| Net | R0400 | | | | | | | | |
| Changes in other technical provisions | | | | | | | | | |
| Gross - Direct Business | R0410 | | | | | | | | |
| Gross - Proportional reinsurance accepted | R0420 | | | | | | | | |
| Gross - Non- proportional reinsurance accepted | R0430 | | | | | | | | |
| Reinsurers'share | R0440 | | | | | | | | |
| Net | R0500 | | | | | | | | |
| Expenses incurred | R0550 | | | | | | | 150 | |
| Other expenses | R1200 | | | | | | | | |
| Total expenses | R1300 | | | | | | | 150 | |

Annex I

S.05.01.02

Premiums, claims and expenses by line of business

| | | 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 | | | | | | | | | | |
| Gross | R1410 | | | | | | | | | |
| Reinsurers' share | R1420 | | | | | | | | | |
| Net | R1500 | | | | | | | | | |
| Premiums earned | | | | | | | | | | |
| Gross | R1510 | | | | | | | | | |
| Reinsurers' share | R1520 | | | | | | | | | |
| Net | R1600 | | | | | | | | | |
| Claims incurred | | | | | | | | | | |
| Gross | R1610 | | | | | | | | | |
| Reinsurers' share | R1620 | | | | | | | | | |
| Net | R1700 | | | | | | | | | |
| Changes in other technical provisions | | | | | | | | | | |
| Gross | R1710 | | | | | | | | | |
| Reinsurers' share | R1720 | | | | | | | | | |
| Net | R1800 | | | | | | | | | |
| Expenses incurred | R1900 | | | | | | | | | |
| Other expenses | R2500 | | | | | | | | | |
| Total expenses | R2600 | | | | | | | | | |

Annex 1

S.05.02.01

Premiums, claims and expenses by country

| Country | | R0010A | | |
|-----------------------------------|--------------|--------------|-------------------------------|------------------------------|
| | | Home Country | Top 5 countries (by amount of | Total Top 5 and home country |
| | | C0080 | C0090 | C0140 |
| Premiums written | | | | |
| Gross - Direct Business | R0110 | | | 0.00 |
| Gross - Proportional | R0120 | | | 0.00 |
| Gross - Non-proportional | R0130 | | | 0.00 |
| Reinsurers' share | R0140 | | | 0.00 |
| <i>Net</i> | <i>R0200</i> | | | 0.00 |
| Premiums earned | | | | |
| Gross - Direct Business | R0210 | | | 0.00 |
| Gross - Proportional | R0220 | | | 0.00 |
| Gross - Non-proportional | R0230 | | | 0.00 |
| Reinsurers' share | R0240 | | | 0.00 |
| <i>Net</i> | <i>R0300</i> | | | 0.00 |
| Claims incurred | | | | |
| Gross - Direct Business | R0310 | | | 0.00 |
| Gross - Proportional | R0320 | | | 0.00 |
| Gross - Non-proportional | R0330 | | | 0.00 |
| Reinsurers' share | R0340 | | | 0.00 |
| <i>Net</i> | <i>R0400</i> | | | 0.00 |
| Changes in other technical | | | | |
| Gross - Direct Business | R0410 | | | 0.00 |
| Gross - Proportional | R0420 | | | 0.00 |
| Gross - Non-proportional | R0430 | | | 0.00 |
| Reinsurers' share | R0440 | | | 0.00 |
| <i>Net</i> | <i>R0500</i> | | | 0.00 |
| Expenses incurred | R0550 | 110 | | 110 |
| Other expenses | R1200 | | | 40 |
| <i>Total expenses</i> | <i>R1300</i> | | | 150 |
| Country | | R0010B | | |
| | | Home Country | Top 5 countries (by amount of | Total Top 5 and home country |
| | | C0220 | C0230 | C0280 |
| Premiums written | | | | |
| Gross | R1410 | | | 0.00 |
| Reinsurers' share | R1420 | | | 0.00 |
| <i>Net</i> | <i>R1500</i> | | | 0.00 |
| Premiums earned | | | | |
| Gross | R1510 | | | 0.00 |
| Reinsurers' share | R1520 | | | 0.00 |
| <i>Net</i> | <i>R1600</i> | | | 0.00 |
| Claims incurred | | | | |
| Gross | R1610 | | | 0.00 |
| Reinsurers' share | R1620 | | | 0.00 |
| <i>Net</i> | <i>R1700</i> | | | 0.00 |
| Changes in other technical | | | | |
| Gross | R1710 | | | 0.00 |
| Reinsurers' share | R1720 | | | 0.00 |
| <i>Net</i> | <i>R1800</i> | | | 0.00 |
| Expenses incurred | R1900 | | | 0.00 |
| Other expenses | R2500 | | | |
| <i>Total expenses</i> | <i>R2600</i> | | | 0.00 |

Annex I

S.17.01.02

Non-life Technical Provisions

| | | Direct business and accepted proportional reinsurance | | | | | | | | |
|---|--------------|--|-----------------------------|---------------------------------|-----------------------------------|-----------------------|--|---|-----------------------------|---------------------------------|
| | | Medical expense insurance | Income protection insurance | Workers' compensation insurance | Motor vehicle liability insurance | Other motor insurance | Marine, aviation and transport insurance | Fire and other damage to property insurance | General liability insurance | Credit and suretyship insurance |
| | | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 | C0100 |
| Technical provisions calculated as a whole | R0010 | | | | | | | | | |
| 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 | R0050 | | | | | | | | | |
| Technical provisions calculated as a sum of BE and RM | | | | | | | | | | |
| Best estimate | | | | | | | | | | |
| Premium provisions | | | | | | | | | | |
| Gross | R0060 | | | | | | | | | |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | R0140 | | | | | | | | | |
| Net Best Estimate of Premium Provisions | R0150 | | | | | | | | | |
| Claims provisions | | | | | | | | | | |
| Gross | R0160 | | | | | | | | 291 | |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | R0240 | | | | | | | | | |
| Net Best Estimate of Claims Provisions | R0250 | | | | | | | | 291 | |
| Total Best estimate - gross | R0260 | | | | | | | | 291 | |
| Total Best estimate - net | R0270 | | | | | | | | 291 | |
| Risk margin | R0280 | | | | | | | | 10 | |
| Amount of the transitional on Technical Provisions | | | | | | | | | | |
| Technical Provisions calculated as a whole | R0290 | | | | | | | | | |
| Best estimate | R0300 | | | | | | | | | |
| Risk margin | R0310 | | | | | | | | | |

Annex I

S.17.01.02

Non-life Technical Provisions

Technical provisions - total

Technical provisions - total

Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total

Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total

| Direct business and accepted proportional reinsurance | | | | | | | | |
|--|-----------------------------|---------------------------------|-----------------------------------|-----------------------|--|---|-----------------------------|---------------------------------|
| Medical expense insurance | Income protection insurance | Workers' compensation insurance | Motor vehicle liability insurance | Other motor insurance | Marine, aviation and transport insurance | Fire and other damage to property insurance | General liability insurance | Credit and suretyship insurance |
| C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 | C0100 |
| X | X | X | X | X | X | X | X | X |
| R0320 | | | | | | | 301 | |
| R0330 | | | | | | | | |
| R0340 | | | | | | | 301 | |

Annex I

S.17.01.02

Non-life Technical Provisions

| | Direct business and accepted proportional reinsurance | | | Accepted non-proportional reinsurance | | | Total Non-Life obligation | |
|---|---|------------|------------------------------|---------------------------------------|---------------------------------------|---|---------------------------|---------------------------------------|
| | 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 |
| | C0110 | C0120 | C0130 | C0140 | C0150 | C0160 | | C0170 |
| Technical provisions calculated as a whole | | | | | | | | R0010 |
| 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 | | | | | | | | R0050 |
| Technical provisions calculated as a sum of BE and RM | | | | | | | | |
| Best estimate | | | | | | | | |
| Premium provisions | | | | | | | | |
| Gross | | | | | | | | R0060 |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | | | | | | | | R0140 |
| Net Best Estimate of Premium Provisions | | | | | | | | R0150 |
| Claims provisions | | | | | | | | |
| Gross | | | | | | | | R0160 |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | | | | | | | | R0240 |
| Net Best Estimate of Claims Provisions | | | | | | | | R0250 |
| Total Best estimate - gross | | | | | | | | R0260 |
| Total Best estimate - net | | | | | | | | R0270 |
| Risk margin | | | | | | | | R0280 |
| Amount of the transitional on Technical Provisions | | | | | | | | |
| Technical Provisions calculated as a whole | | | | | | | | R0290 |
| Best estimate | | | | | | | | R0300 |
| Risk margin | | | | | | | | R0310 |

Annex I

S.17.01.02

Non-life Technical Provisions

Technical provisions - total

Technical provisions - total

Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total

Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total

| Direct business and accepted proportional reinsurance | | | Accepted non-proportional reinsurance | | | | Total Non-Life obligation |
|---|--------------|------------------------------|---------------------------------------|---------------------------------------|---|---------------------------------------|---------------------------|
| 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 | |
| C0110 | C0120 | C0130 | C0140 | C0150 | C0160 | C0170 | C0180 |
| | | | | | | | |
| R0320 | | | | | | | 301 |
| R0330 | | | | | | | |
| R0340 | | | | | | | 301 |

Annex 1
S.23.01.01
Own Funds

| | | Total C0010 | Tier 1 - unrestricted C0020 | Tier 1 - restricted C0030 | Tier 2 C0040 | Tier 3 C0050 |
|-------------------------------------|--------------|------------------|--------------------------------|------------------------------|-----------------|-----------------|
| Basic own funds before | | | | | | |
| Ordinary share capital (gross) | R0010 | 0 | 0 | | | |
| Share premium account | R0030 | | | | | |
| Initial funds, members' | R0040 | | | | | |
| Subordinated mutual | R0050 | | | | | |
| Surplus funds | R0070 | | | | | |
| Preference shares | R0090 | | | | | |
| Share premium account | R0110 | | | | | |
| Reconciliation reserve | R0130 | 3,790 | 3,790 | | | |
| Subordinated liabilities | R0140 | | | | | |
| An amount equal to the | R0160 | | | | | |
| Other own fund items | R0180 | | | | | |
| Own funds from the | | | | | | |
| Own funds from the financial | R0220 | | | | | |
| Deductions | | | | | | |
| Deductions for participations | R0230 | | | | | |
| Total basic own funds after | R0290 | 3,790 | 3,790 | | | |
| Ancillary own funds | | | | | | |
| Unpaid and uncalled | R0300 | | | | | |
| Unpaid and uncalled initial | R0310 | | | | | |
| Unpaid and uncalled | R0320 | | | | | |
| A legally binding | R0330 | | | | | |
| Letters of credit and | R0340 | | | | | |
| Letters of credit and | R0350 | | | | | |
| Supplementary members | R0360 | | | | | |
| Supplementary members | R0370 | | | | | |
| Other ancillary own funds | R0390 | | | | | |
| Total ancillary own funds | R0400 | | | | | |
| Available and eligible own | | | | | | |
| Total available own funds to | R0500 | 3,790 | 3,790 | | | |
| Total available own funds to | R0510 | 3,790 | 3,790 | | | |
| Total eligible own funds to | R0540 | 3,790 | 3,790 | 0.00 | | |
| Total eligible own funds to | R0550 | 3,790 | 3,790 | 0.00 | | |
| SCR | R0580 | 1,078 | | | | |
| MCR | R0600 | 3,332 | | | | |
| Ratio of Eligible own funds | R0620 | 351.5831% | | | | |
| Ratio of Eligible own funds | R0640 | 113.7571% | | | | |
| | | C0060 | | | | |
| Reconciliation reserve | | | | | | |
| Excess of assets over | R0700 | 3,790 | | | | |
| Own shares (held directly) | R0710 | | | | | |
| Foreseeable dividends, | R0720 | | | | | |
| Other basic own fund items | R0730 | 0 | | | | |
| Adjustment for restricted | R0740 | | | | | |
| Reconciliation reserve | R0760 | 3,790 | | | | |

Annex I

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

Market risk
 Counterparty default risk
 Life underwriting risk
 Health underwriting risk
 Non-life underwriting risk
 Diversification
 Intangible asset risk

Basic Solvency Capital Requirement

Calculation of Solvency Capital Requirement

Operational risk
 Loss-absorbing capacity of technical provisions
 Loss-absorbing capacity of deferred taxes
 Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC

Solvency capital requirement excluding capital add-on

Capital add-on already set

Solvency capital requirement

Other information on SCR

Capital requirement for duration-based equity risk sub-module
 Total amount of Notional Solvency Capital Requirement for remaining part
 Total amount of Notional Solvency Capital Requirements for ring fenced funds
 Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios
 Diversification effects due to RFF nSCR aggregation for article 304

| | Gross solvency capital requirement | USP | Simplifications |
|-------|------------------------------------|--------------|-----------------|
| | C0110 | C0080 | C0090 |
| R0010 | 988 | | |
| R0020 | 149 | | |
| R0030 | | | |
| R0040 | | | |
| R0050 | 96 | | |
| R0060 | -164 | | |
| R0070 | | | |
| R0100 | 1069 | | |

| | C0100 |
|-------|--------------|
| R0130 | 9 |
| R0140 | |
| R0150 | |
| R0160 | |
| R0200 | 1078 |
| R0210 | |
| R0220 | 1078 |
| | |
| R0400 | |
| R0410 | |
| R0420 | |
| R0430 | |
| R0440 | |

Annex 1

S.28.01.01

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

| | | C0010 |
|--------------------------------------|--------------|-------|
| Linear formula component | | |
| <i>MCRNL Result</i> | <i>R0010</i> | 30 |
| | | |
| | | C0020 |
| | | C0030 |
| Medical expense insurance | R0020 | |
| Income protection insurance | R0030 | |
| Workers' compensation | R0040 | |
| Motor vehicle liability | R0050 | |
| Other motor insurance and | R0060 | |
| Marine, aviation and transport | R0070 | |
| Fire and other damage to | R0080 | |
| General liability insurance and | R0090 | 290 |
| Credit and suretyship | R0100 | |
| Legal expenses insurance and | R0110 | |
| Assistance and proportional | R0120 | |
| Miscellaneous financial loss | R0130 | |
| Non-proportional health | R0140 | |
| Non-proportional casualty | R0150 | |
| Non-proportional marine, | R0160 | |
| Non-proportional property | R0170 | |
| | | |
| | | C0040 |
| Linear formula component | | |
| <i>MCRL Result</i> | <i>R0200</i> | |
| | | |
| | | C0050 |
| | | C0060 |
| Obligations with profit | R0210 | |
| Obligations with profit | R0220 | |
| Index-linked and unit-linked | R0230 | |
| Other life (re)insurance and | R0240 | |
| <i>Total capital at risk for all</i> | <i>R0250</i> | |
| | | |
| | | C0070 |
| Overall MCR calculation | | |
| <i>Linear MCR</i> | <i>R0300</i> | 30 |
| SCR | R0310 | 1,078 |
| MCR cap | R0320 | 485 |
| MCR floor | R0330 | 270 |
| <i>Combined MCR</i> | <i>R0340</i> | 270 |
| Absolute floor of the MCR | R0350 | 3,332 |
| | | |
| | | C0070 |
| <i>Minimum Capital</i> | <i>R0400</i> | 3,332 |