

UNAUDITED SOLVENCY AND FINANCIAL CONDITION REPORT

PINNACLE INSURANCE PLC

Company Registration Number: 1007798

Financial Conduct Authority Firm reference number: 110866

At 31 December 2019



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SUMMARY

The information in this report relates to Pinnacle Insurance plc (“the Company”). The Company is a subsidiary of Cardif Pinnacle Insurance Holdings plc (the “UK Parent”), a member of the BNP Paribas Cardif group, a worldwide provider of insurance and savings products. The Company is part of the global banking group BNP Paribas SA (“the Group”), a European leader in banking and financial services, with a Standard and Poor’s long-term rating of A (Stable outlook). The Group has one of the largest international banking networks, with a presence in 72 countries and employs more than 202,600 employees.

The Company was formed in 1971 and has established itself as a provider of personal lines insurance, principally within the UK. The Company underwrites Creditor, Motor Warranty and Gap and Pet insurance products.

The report covers the Solvency & Finance Condition Report (SFCR) of the Company as a Solo entity and provides information on its Solvency i.e. the Company’s ability to pay liabilities.

The information in this report is from the Company’s most recent financial year, which is the year ended 31 December 2019.

The Company is authorised by the Prudential Regulation Authority (PRA), and jointly regulated by the Financial Conduct Authority (FCA) and the PRA.

The following is a high-level description of the contents of each section in this document.

A. Business and performance

This section describes the Company’s performance and significant events during the year, legal structure, how the Company is regulated and who the Company auditors are.

B. System of governance

This section outlines the Company’s system of governance and risk management, and how the Company is managed and controlled. We also describe our Human resources policy and practices, and our adherence to the ‘Fit and Proper Requirements’.

C. Risk profile

This section describes the Company’s risk profile, including risk exposures, concentrations, mitigation and sensitivity.

D. Valuation for solvency purposes

This section describes the bases and methods used for the valuation of the Company’s assets, technical provisions and other liabilities with an explanation of any major differences in the bases and methods used for the SII valuations, compared to the International Financial Reporting Standards (IFRS) basis used for the 2019 Annual Report and Accounts.

E. Capital management

This section describes the Company’s approach to capital management, and includes information on the amount and quality of the Company’s own funds.

The Company’s strategy is to ensure that customers are well serviced whilst focusing on growing Pet, Motor Warranty and GAP, optimization of the Creditor book and improvement of operational capabilities and efficiencies.

SUMMARY – (continued)

The Company's capital position as at 31 December 2019 is as follows:

	2019	2018
	£'000	£'000
Eligible own funds	147,864	157,957
Solvency capital requirement (SCR)	59,395	36,008
Capital Surplus	88,469	121,949
Ratio of Eligible own funds to the SCR	248%	439%

The Company has a strong capital position with solvency capital surplus of £88.5m (2018: £121.9m) in excess of its solvency capital requirement. The Company's eligible own funds decreased by £10.1m mainly due to dividend payment of £5.8m to the UK shareholder and Solvency II valuation differences.

The SCR increased from £36.0m to £59.4m between 2018 and 2019. This increase is mainly driven by the non-life underwriting risk component of SCR resulting from an increase in Pet sales volumes.

The Company's capital management policy is to maintain sufficient own funds to cover a minimum 120% of the Solvency Capital Requirement (SCR). The Company calculates its SCR using the Standard Formula under Solvency II requirements.

Impact of the UK's proposed departure from the EU (Brexit) and Covid-19

On 31 January 2020, the UK officially left the European Union after 47 years of membership and more than three years after it voted to do so in a referendum. There will be a transitional period, due to run to 31 December 2020, during which the UK will no longer be a member of the EU but still be subject to EU rules and remain a member of the Customs Union. During the transition period, the UK and EU will negotiate the rules to be applied to future trading and other relationships. The UK can request an extension to the transition period for up to another two years if it appears that the negotiations are taking longer than expected. Ultimately, a no-trade deal Brexit remains a possible outcome.

The company only insures UK risks, as a result, the risks and uncertainties associated with the UK exiting from EU have been considered by the Directors and, while they continue to monitor the post-Brexit negotiations, they do not currently believe there will be a material adverse impact on the Company's results or financial position in the current or following financial year.

Covid-19:

The coronavirus (Covid-19) outbreak occurred at a time close to the end of 2019, but the World Health Organisation only characterised it as a pandemic on 11 March 2020. Many governments and regulators have introduced various measures to combat the outbreak, including travel restrictions, quarantines, closure of business and other venues and lockdown of certain area. These measures will affect the global supply chain as well as demand for goods and services and therefore have significant impact to the global growth. At the same time, fiscal and monetary policies are being relaxed to sustain the economy, and while these government responses and their corresponding effects are still evolving, there is not yet sufficient certainty on the scale of damage this outbreak will have made to the local and global economies.

SUMMARY – (continued)

Management believes however that the outbreak may have more or less severe impacts on risk assessment, available resources and their impact on the solvency ratio in 2020 depending on the financial market evolution, the level of new business and claims observed.

While the effect of these events on the company is largely unpredictable as the pandemic is still spreading, they will primarily affect the technical result and the valuation of financial assets. The impact on the technical and financial balance of the company will depend on the efficiency of the contra-cyclical measures that underlie the risk assessment, the risk management framework for financial or technical risk hedging, the impact of the measures taken by the public authorities or set out by the insurance regulation to sustain the economy.

The figures contained in this report have not been updated to reflect the impact of Covid-19. Covid-19 was not declared as a public health emergency until 30th January, therefore in accordance with guidance issued by the Financial Reporting Council it has been treated as a non-adjusting post balance sheet event.

Basis of preparation

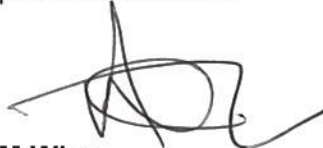
In line with the Company's previous SFCRs, this document is a Solo SFCR for the Company. There are two key bases for measuring and reporting solvency, which can be used under the SII regime:

- the 'Standard Formula' and
- an 'Internal Model'.

An Internal Model takes into account individual firm-specific factors, but requires approval by the regulator before it can be used for Solvency II reporting. The Company does not use the Internal Model for its regulatory reporting.

The figures disclosed in the Company's SII reporting, including this document, are currently prepared using the Standard Formula.

The report makes reference to the Company's Annual Report and Accounts which can be accessed from the Company's website at <http://www.cardifpinnacle.com/about/reports>. Information in the Annual Report and Accounts is prepared in accordance with International Financial Reporting Standards (IFRSs); whereas information in this report is governed by Solvency II rules. Important differences include valuation methodologies for assets, technical provisions and other liabilities. Therefore the numbers, including financial, in this report will not always correspond to the numbers in the Annual Report and Accounts.



A M Wigg
Chief Executive Officer
1 April 2020

DIRECTORS' REPORT

Directors

The Directors who held office throughout the year (unless stated otherwise) were:

G Binet (Chairman)
P J Box * (resigned 26 November 2019)
M Haderer
N D Rochez *
R A Hines* (appointed 28 November 2019) *
A M Wigg
M J Lorimer
S.L.P.F Chevalet

* Independent Non-Executive Director

Statements of Directors' Responsibilities

The Directors are responsible for preparing the Solvency Financial Condition Report, including the attached public quantitative reporting templates, in all material respects in accordance with PRA Rules and the Solvency II Regulations.

The Solvency II Directive, the Delegated Acts, related Implementation Rules, Technical Standards and Guidelines, as well as PRA rules provide the regulatory framework in which the Company operates. The Solvency II rules and regulations include, but are not limited to, the recognition and measurement of its assets and liabilities including Technical Provisions and Risk Margin, the calculation of its capital requirement and the reporting and disclosures of the Solvency II results.

Compliance with the Solvency II framework

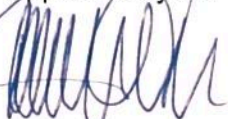
The Company has complied in all material respects with the requirement of the PRA Rules and Solvency II regulations as applicable throughout the financial year 2019. The Company reasonably believes that it will comply with PRA rules and Solvency II regulations subsequently and will continue to comply for the foreseeable future.

Audit

On 17 October 2018 the PRA published PS25/18 Solvency II: external audit of the public disclosure requirement. This Policy Statement confirms the removal of the audit requirement in respect of the public Solvency II reporting of smaller insurers. In order to determine whether the firm is a small insurer not, a score is calculated by multiplying GWP and BEL by specific risk factors. The risk factors and the calculation methodology is published by PRA in Consultation Paper CP8/18. The score of 100 as a ceiling below which the firms are defined as small insurers.

Therefore, the Company is exempt from external audit requirement of the SFCR for the year ended 31 December 2019 based on qualifying score of being less than 100.

Approved by the Board on 28 May 2020 and signed on its behalf by:



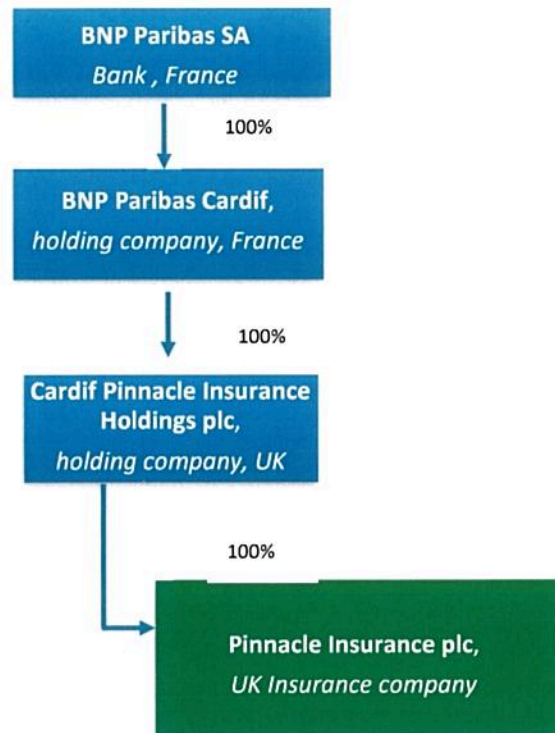
M J Lorimer
Director

A. BUSINESS AND PERFORMANCE

A.1 Business

Pinnacle Insurance plc ("the Company") is a limited company incorporated in 1971 in the United Kingdom. The registered address of the Company is Pinnacle House, A1 Barnet Way, Borehamwood, Hertfordshire, WD6 2XX.

Simplified legal group structure



The Directors regard BNP Paribas SA (incorporated in France), as being the Company's ultimate parent undertaking and the controlling party, and Cardif Pinnacle Insurance Holdings plc (incorporated in the United Kingdom) as being the immediate parent undertaking.

BNP Paribas Cardif, a holding company, forms part of the insurance group for Solvency II purpose and therefore, results of the Company are also consolidated in the insurance group SFCR.

A. BUSINESS AND PERFORMANCE – (continued)

Supervision and External Audit

Pinnacle Insurance plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

www.bankofengland.co.uk/pru

www.fca.org.uk

The Company's statutory annual financial statements are audited by Deloitte LLP who can be contacted as follows: Deloitte LLP, 2 New Street Square, London, EC4A 3BZ.

A.2 Underwriting performance

The Company reported a pre-tax profit £0.4m (2018: profit of £2.0m) resulting from the Company's improved performance in Pet. The profit was impacted by run off of the Company's Creditor book, higher expenses as a result of investments in IT offset by an increased Pet sales volumes.

During the year, the Company made strategic investments in its IT infrastructure to enhance new functionalities to develop its Pet business in partnership with a key market player. In the process, the Company has also written off £0.9m of cost associated with IT projects that no longer align with the Company's strategy.

Company's key performance indicators	2019	2018
	£'000	£'000
Gross Written Premiums	43,928	46,136
Net Earned Premiums	41,721	49,885
Technical Result	15,944	18,710
Investment Income	4,432	2,112
Administration Expenses	(19,986)	(18,757)
Profit Before Tax	390	2,067
Technical Ratio	62%	62%
Claims Ratio	33%	24%
Commission Ratio	29%	39%

A. BUSINESS AND PERFORMANCE – (continued)

A.2 Underwriting performance

Gross Written Premiums (GWP): represents the total premiums written in a given year before deductions of reinsurance and ceding commission and is analysed as:

GWP by line of business	2019	2018	Change
	£'000	£'000	Increase/ (decrease)
Pet	20,495	17,025	3,470
Creditor	19,357	24,961	(5,606)
Warranty and Gap	3,512	3,411	101
Household (MGA)	-	5	(5)
Motor (MGA)	(2)	(3)	(1)
General business	43,362	45,399	(2,037)
Long-term business	566	737	(170)
Gross written premiums	43,928	46,136	(2,208)

GWP decreased in the year by £2.2m (5%) largely due to:

- Creditor business declined by 22% to £19.4m (2018: £25.0m) due to book being in run off;
- Warranty business (which includes Gap) increased by 3% to £3.5m (2018: £3.4m) reflecting slower growth than expected due to competitive market conditions due to GDPR regulations introduced in 2018;
- Pet GWP increased by 20% to 20.4m (2018 £17.0m) mainly due to growth in Every paw brand and through a new partnership arrangements with a major partner;
- Household and motor MGA business was terminated in 2015;
- Long-term business which includes business underwritten for mortgage loan protection, continued to be in run off with GWP decreasing to £0.6m in 2019 (2018: £0.7m).

The Company's business entirely relates to one geographical market (United Kingdom).

Net Earned Premiums (NEP): represents the portion of the policy's premium that applies to the expired portion of the policy. The NEP of £41.7m decreased by £8.2m due to declining earned premium on Creditor (£8.4m) and Motor Warranty (£1.4m) and offset with Pet increase of £1.9m.

Technical Result: represents the balance of earned premiums less incurred claims, commission and profit share payments, net of associated reinsurance balances.

A. BUSINESS AND PERFORMANCE – (continued)

Technical Ratio: Reflects the profitability of the general business before direct and indirect costs and is calculated as the sum of commission and net incurred claims expressed relative to NEP. The technical ratio remained in line with the prior year of 62%.

Claims Ratio: Calculated as net claims incurred expressed as a percentage of NEP. The claims ratio in 2019 increased to 33% (2018: 24%) due to a change in business mix resulting from the running off of Creditor business and increase in Pet business.

Commission Ratio: Commission expense incurred expressed as a percentage of NEP. The Commission ratio in 2019 decreased to 29% (2018: 39%) mainly due a change in the business mix resulting from the running off of Creditor business offset by an increase in Pet business.

A.2 Investment performance

Investment income represents income arising from the Company's investment portfolio income, including the impact of marked to market revaluations, foreign exchange movements and realised losses on investments.

The investment portfolio comprises bonds, cash and term deposits of high credit quality. The total portfolio was valued at £195.9m at 31 December 2019 (2018: £226.2m) of which 34% (2018: 45%) was held in bonds, 57% (2018: 51%) in term-deposits with credit institutions and 9% (2018: 4%) in cash and cash equivalents.

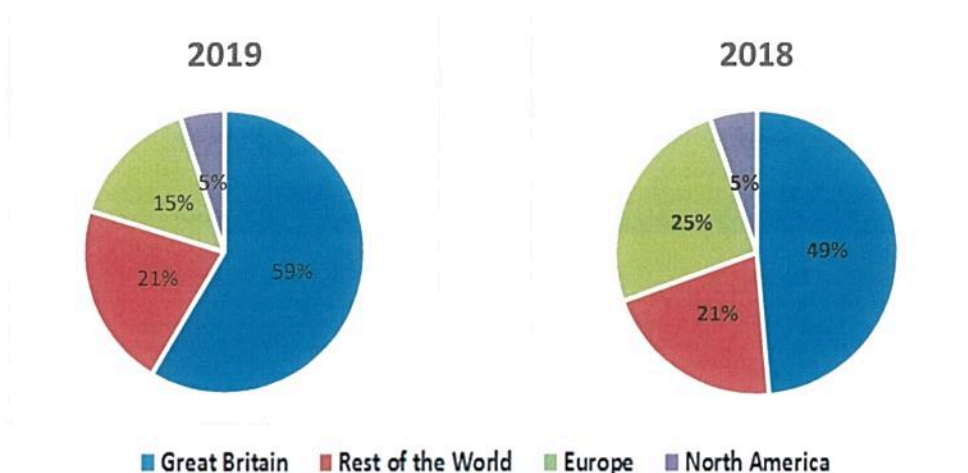
Total net investment return for the year is £4.4m (2018: £2.1m) which comprises interest earned on financial investments of £4.1m (2018: £4.8m), realised losses on bonds of £2.7m (2018: £2.0m) and unrealised gain of £3.0m (2018: loss £0.8m).

By assets class	2019		2018	
	Investments	Return on investments	Investments	Return on investments
	£'000	£'000	£'000	£'000
Bonds	67,503	2,784	101,694	681
Deposits	111,157	1,583	115,476	1,354
Cash at bank	17,274	64	9,043	59
Total	195,934	4,432	226,213	2,112

In addition, the net foreign exchange gains on investments were £5k (2018: £19k).

A. BUSINESS AND PERFORMANCE – (continued)

The chart below provides geographical split of the investments as follows:



A.4 Performance of other activities

Administration expenses represent those operating expenses incurred by the Company, which are not classified as either acquisition or claims handling costs. Administration expenses increased by £1.2m to £19.9m (2018: £18.8m) mainly driven by cost increases from the development of a proposition for a new insurance partner to expand the Pet business in addition to an increase in information technology costs.

B. SYSTEM OF GOVERNANCE

B.1 General Information on the system of governance

The Company's Board comprises Directors and Non-Executive Directors who are responsible to the shareholder and other stakeholders for ensuring that the Company is appropriately managed and achieves its objectives. The Board met five times in 2019 to determine the Company's strategic direction, review operating and financial performance, and to ensure that the Company is adequately resourced and effectively controlled.

The Company's governance regime is summarised as follows:



The following were the members of the Board throughout the year (unless stated otherwise):

Name	Function	Description of a controlled function
Andrew Wigg	SMF1	Chief Executive Officer
	SMF 20	Chief Actuary
Marie Haderer	SMF 23	Chief Underwriting Officer
	SMF 16	Compliance Oversight
Matthew Lorimer	SMF 17	Money Laundering Reporting Officer (MRLO)
Gerard Binet *	SMF 9	Chair of Governing Body
	SMF 10	Chair of the Risk Committee
Richard Hines *	SMF 11	Chair of the Audit Committee
Nik Rochez *	SMF 12	Chair of the Human Resources Committee
Stanislas Chevalet	SMF 7	Group Entity Senior Manager
* Independent non-Executive Director		

B. SYSTEM OF GOVERNANCE – (continued)

Human Resources Committee

All staff are employed through our sister company Cardif Pinnacle Insurance Management Services Ltd. Employee matters are dealt with via its Human Resources Committee

This committee is a formal subcommittee of the Board. It is chaired by an independent Non-Executive Director.

It reviews and makes recommendations to the Board regarding the Company's Human Capital and Remuneration Policy, and reviews compliance with the policy. The Human Resources Committee is specifically responsible for making recommendations for the senior managers, together with providing a view of their performance. It is further responsible for monitoring and providing guidance on the level and structure of remuneration for all employees.

The Company reviews staff remuneration on the basis of three key principles, namely competitiveness, discretion and fairness.

a) Individual fixed basic salary:

The Company reviews individual basic pay according to the minimum basic salary at a level commensurate with the qualifications required for the post (defined according to collective agreements, salary grids and in line with legal minimums).

b) Additional fixed remuneration

Additional fixed remuneration rewards specific expertise, employment in a specific post or a post that meets a key role.

More broadly, it is any remuneration whose conditions and amounts awarded meet the following characteristics:

- the remuneration is predetermined;
- it is non-discretionary;
- it is permanent and of a recurring nature, i.e. maintained throughout the period linked to the specific role and organisational responsibilities of the holder;
- the payment of this remuneration may not be unilaterally reduced, suspended or cancelled; and
- it is not dependent on the performance of the holder and/or the company.

Variable compensation: It is determined each year in accordance with that year's remuneration policy and the principles of governance. It is intended to incentivise performance in all its forms:

a) Personal performance-related variable compensation

Within the company, personal performance-related remuneration rewards achievements that are qualitatively and quantitatively assessed based on a record of sustained performance and on individual appraisals.

b) Long-term profit-sharing plan

Additionally, variable compensation may be supplemented by a medium or long-term loyalty plan comprised of stock options, performance shares, a medium or long-term remuneration plan, or any other appropriate instrument designed to retain and motivate key employees.

B. SYSTEM OF GOVERNANCE– (continued)

The Company does not operate any supplementary pension or early retirement schemes for the members of the administrative, management or supervisory body and other key function holders.

Risk and Audit Committee (RAC)

The RAC is chaired by an independent Non-Executive Director. Its main responsibilities are to:

- coordinate and have oversight of the Company's financial reporting process;
- review the effectiveness of the system for monitoring compliance with laws and regulations;
- have oversight of internal and external audit functions ensuring the audits are conducted in a thorough, efficient and effective manner;
- have oversight of the systems of internal control;
- have oversight of the work of the Internal Controls Committee (ICC), Conduct and Customer Committee (CCC), Underwriting, Credit Risk and ALM Committee (UCR) and Risk Forum (the work of prudential risk management within the business) and to receive minutes and updates in respect of the above mentioned Committees
- review matters relating to legal risk;
- review the work of the Risk Management Function and provide assurance on the effectiveness of the Company's risk management;
- review, challenge and make recommendations in respect of Own Risk and Solvency Assessment (ORSA) reports and the Solvency Financial Condition Report; and
- oversee and receive reports from the Conduct and Customer Committee, the Internal Control Committee, the Risk Forum and the Underwriting and Credit Risk Committee.

Investment Committee

The Committee is chaired by the Chief Executive Officer and reports to the Board. It meets on a quarterly basis and its main responsibilities are to:

- ensure asset exposures do not exceed the limit established under Prudential Regulation Authority (PRA) regulations for Admissible Assets for the general and life business;
- maximise accounting rate of return yielded by the portfolio, within the agreed risk and liability matching framework; and
- agree investment returns to be used for future investments, new products types, counterparties and removal of counterparties' restrictions.

B. SYSTEM OF GOVERNANCE– (continued)

Conduct and Customer Committee (CCC)

The Committee is chaired by the General Counsel and reports to the RAC. It reviews and provides direction on the Company's Conduct Risk strategy, including overseeing all product governance controls and reviews, and provides direction on the development of products. The Committee's main responsibilities are to identify, assess and report on key Conduct Risks faced by the Company, specifically to:

- promote and encourage a corporate culture that ensures the recognition of Conduct Risk and the fair treatment of customers;
- continue to encourage the development, analysis and use of further Conduct Risk Indicators (CRI) or other management information and to ensure the CRI measures are constantly challenged;
- ensure that staff appropriately record Conduct Risk issues including the findings and resulting outcome using an agreed process or system such as (but not limited to) the Incident Reporting;
- review issues brought to the Conduct Risk Committee by the Treating Customers Fairly (TCF) Forum (the TCF Forum is responsible for monitoring and managing the customer experience and the identification, resolution and, where applicable, escalation of issues which may cause customer detriment to the CCC) and make recommendations that are in the best interests of the customer and ensure those recommendations are acted upon as required; and
- maintain an understanding of developments in the market, regulatory and legal environments that may impact on the Conduct Risk framework, and to research and highlight industry best practice.

Risk Forum

This Committee is chaired by the Chief Executive Officer. It meets at least four times per year and reports to the RAC. The Risk Forum's focus on prudential regulations includes overseeing notably Solvency II quarterly and annual returns and Own Risk and Solvency Assessment (ORSA) runs. The Risk Forum also reviews the ORSA triggering events on a regular basis.

Internal Control Committee (ICC)

The ICC is chaired by the General Counsel and reports to the RAC. Its main responsibilities are to:

- embed an effective risk management culture in the Company;
- identify, assess and report on key risks faced by the Company including those relating to outsourced activities;
- review the effectiveness of the internal control and compliance arrangements;
- update the Company's Risk Register on a regular basis;
- identify, assess and report on operational risks faced by the Company including those related to outsourced activities in accordance with the Group Guidance "Control of Risks Associated with Outsourced Processes";
- establish effective systems of internal control and reporting for key risks, appropriate to the size, nature and complexity of the Company;

B. SYSTEM OF GOVERNANCE– (continued)

Internal Control Committee – (continued)

- establish effective systems of compliance appropriate to the size, nature and complexity of the Company;
- monitor the performance of all suppliers of outsourced activities (operational performance, quality indicators and technical monitoring including KPIs & SLAs); and
- monitor the performance of security and business continuity by review of security incidents, test and exercises, critical IT risks and recommendations in progress.

Underwriting, Credit Risk and Asset Liabilities Management Committee

This Committee is chaired by the Chief Actuarial Officer and reports to the RAC. It meets quarterly, and the Committee's main responsibilities are to:

- provide effective risk monitoring & risk follow up for all the key underwriting & credit risk and provide an escalation process (alert system);
- review the underwriting and credit risk exposure and the related risk mitigation techniques and the related risk map;
- review the new products that could lead to a material change of the company's risk profile;
- review the adequacy of the reinsurance programme as part of the risk mitigation techniques; and
- review the underwriting & credit risk management procedures and the underwriting policy at least once a year and make proposals for change to the RAC.

Local Outsourcing Committee (LOCC)

This Committee is chaired by General Counsel. It reports into the Executive Management Group who reports to the Chief Executive Officer who reports to the Board. The Cardif Delegation Principles are used to determine those Outsourcing activities delegated for supervision by the LOCC. The delegation decision must be observed at every stage of the outsourcing process

The Committee's main responsibilities are to:

- review the risk position of the outsourcing;
- ensure that any proposed outsourcing delivers benefits that outweigh risks;
- review potentially severe incidents on outsourced running activities.
- review all inputs relating to the supervision of outsourced activity
- oversee the invocation of exit plans
- ensure relevant controls are in place.

B. SYSTEM OF GOVERNANCE– (continued)

Business Development Committee

This Committee is chaired by General Counsel and meets every two weeks. It reports into the Executive Management Group who reports to the Chief Executive Officer who in turn reports to the Board.

The Committee's main responsibilities are to:

- ensure that business initiatives are properly aligned with current objectives and management expectations
- ensure the provision of meaningful and valuable products with customers' interests in the heart of product development and management.
- ensure early involvement of key departments and functions in the organisation, for all product or business initiatives.
- ensure that effort and resources is allocated to initiatives according to highest potential and chances of success.
- ensure that regulatory compliance is met, in particular with relation to European Insurance Distribution Directive legislation, Treating customer Fairly (TCF) principles and General Data Protection Regulation (GDPR).

B.2 "Fit and proper" requirements

The Company applies the "Fit and Proper Requirement" criteria laid down by the FCA and PRA in the appointment of controlled function holders including those individuals encompassed in the Senior Managers & Certification Regime (SM&CR).

The Company's assessment of individuals' fitness and propriety is by giving consideration to their:

- financial soundness;
- honesty, integrity and reputation;
- competence and capability;

The Company employs the following procedures to assess "fit and proper":

- compliance with the applicable PRA Conducts Standards and FCA Conduct Rules;
- compliance with internal policies and procedures;
- disclosure and barring service (DBS) checks;
- annual performance reviews and assessments;
- self-attestation annually; and
- references completed by a candidate's previous employer.

B. SYSTEM OF GOVERNANCE– (continued)

B.3 Risk management system including the own risk and solvency assessment (ORSA)

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Risk and Audit Committee (RAC) oversees how management monitors compliance with risk management policies and procedures and reviews the adequacy of the risk management framework. The RAC is assisted in its oversight role by Internal Audit, which undertakes both regular and ad-hoc reviews the results of which are reported to the RAC.

Risk management policies and procedures are established to identify and analyse the risks faced by the Company, to set appropriate limits, and to identify, measure, record, manage and report on existing and emerging risks, so that they can be managed within Board-approved risk appetites.

Risk management policies and systems are reviewed at least annually to ensure that they remain effective and appropriate for the management of the Company's risks. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and responsibilities.

Own risk and solvency assessment (ORSA)

As with all insurers, the Company is required to assess its solvency at least every 12 months, by conducting an Own Risk & Solvency Assessment (ORSA). Details of the last ORSA conducted are set out elsewhere in this document. Solvency II also requires insurers to conduct an ORSA immediately their risk profile changes significantly. Risk profile changes are monitored by the Risk Forum. The Risk Forum also reviews the triggering events on a regular basis and reports to the RAC. If a triggering event occurs, the Risk Forum will inform the Board to enable decision to re-run the ORSA. Since the last ORSA was submitted in December 2019 the global Covid-19 pandemic has had a material impact on the companies business plans and strategic fulfilment. This represents a trigger event and so elements of the capital calculations within the ORSA will need to be re-run as soon as possible to consider the impact of the pandemic and also the impact on the Solvency Capital Ratio (SCR).

The ORSA is conducted in accordance with the Board's ORSA policy. The Board provides guidance to the process, e.g. by setting the stress and scenario tests to be used in the ORSA, requiring amendments to the ORSA content, etc. The Board receives both updates from the Risk Forum through the RAC (setting out work completed, key tasks and deliverables, etc.) and reviews and approves the draft ORSA content and the draft ORSA report. The Board challenges these as it deems fit and approves the ORSA report once it is satisfied with it.

B.4 Internal control framework

The Board has the overall responsibility for maintaining the systems of internal control of the Company and for monitoring their effectiveness, while the implementation of internal control systems is the responsibility of the executive management. The Company's systems of internal control are designed to manage the risk of failure to achieve business objectives and can provide only reasonable, and not absolute, assurance against material financial misstatement or loss. The systems are designed to:

B. SYSTEM OF GOVERNANCE– (continued)

B4. Internal Control framework – (continued)

- safeguard assets;
- maintain proper accounting records;
- provide reliable financial information;

- identify and manage business risks;
- maintain compliance with appropriate legislation and regulation; and
- identify and adopt best practice.

The Company has an established governance framework, the key features of which include:

- a Corporate Governance manual including matters reserved for the Board and Terms of Reference for each of the Board's Committees;
- a clear organisational structure, with documented delegation of authority from the Board to executive management;
- a policy and procedures framework, which sets out risk management and control standards for the Company's operations; and
- defined procedures for the approval of major transactions.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. The Company's risk management and control framework is designed to support the identification, assessment, monitoring, management and control of risks that are significant to the achievement of its business objectives. The Company has a set of formal policies which govern the management and control of both financial and non-financial risks.

The Board has conducted a review of the effectiveness of the Company's systems of internal control. Where weaknesses were identified as part of the control review, mitigating actions have been taken or plans put in place. These are monitored by the appropriate Committee on behalf of the Board.

B.5 Internal Audit function

The Internal Audit function has been outsourced to BNP Paribas SA, i.e. the Company's ultimate parent. BNP Paribas uses one central internal audit function for all of its businesses. This ensures that the Internal Audit function is independent of the Company. None of the Internal Audit function staff are employed by the Company, nor do any of those staff participate in any of the Company's other activities. This ensures their independence and objectivity. The Internal Audit function reports its findings to the RAC.

Findings may contain recommendations, such as enhancing internal controls. Any such recommendations will include agreed actions for closure which are deemed to have been completed only once Internal Audit is satisfied with them.

The RAC agrees the audit schedule set out by Internal Audit. Where required, the schedule is adjusted in consultation with the RAC to address new or emerging risks. This might be the case if the RAC or Board wants a particular area of the Company's operations to be reviewed, perhaps in response to external drivers such as new regulations.

B.6 Actuarial function

The Company has an in-house actuarial team which carries out a day-to-day actuarial role, including claims reserving. The formal role of the actuarial function under Article 48 of the Solvency II Directive is to report formally to the Board on technical provisions, reinsurance and underwriting policy.

B. SYSTEM OF GOVERNANCE– (continued)

B.7 Compliance

The Company has an in-house Compliance function that reports on a hierarchical basis to the BNP Paribas Cardif Compliance function and the General Counsel to identify relevant legislative, regulatory and Group requirements. The Compliance function is responsible for ensuring that the Company implements the necessary arrangements, systems and controls so as to facilitate adherence to these obligations. The RAC agrees the annual Compliance monitoring schedule and all findings from the periodic reviews are reported back to the RAC. The findings may contain recommendations which are closely monitored and closed by the Compliance function.

B.8 Outsourcing

This section of the report details the outsourcing arrangements for the Company's critical or important outsourced activities.

The outsourcing role is carried-out by one full-time employee. However, Subject Matter Experts are drawn from across all functions with 14 contributors.

Before an activity is outsourced, the Company conducts a comprehensive pre-outsourcing assessment of the potential outsource provider in line with BNP Paribas Cardif Group procedures and the Board approved Policy. This is performed by staff from the key areas of the business. Each assessment is specific to both the activities being outsourced and the potential outsource provider. The results of the pre-outsourcing assessment are reviewed by senior management to assess the balance between risk and reward in respect of the potential outsourcing as well as determining the likely effectiveness of the control of those activities, once outsourced.

Outsourcing creates risks, which the Company remains fully responsible for, even though the activities are performed by another organisation. Once an activity has been outsourced, the Company applies post-outsourcing controls and governance in order to ensure that the outsource provider remains suitable and that all risks associated with that outsourcing are managed effectively.

A number of critical activities are outsourced across a number of schemes, including, fulfilment, policy administration, premium collection and claim handling.

C. RISK PROFILE

The Company's activities expose the business to a number of key risks, which have the potential to affect the Company's ability to achieve its business objectives. The Board is responsible for ensuring that an appropriate structure for managing these risks is maintained. The key risks and risk mitigation framework are highlighted below:

C.1 Underwriting risk

The non-life underwriting risk is the main component of the Company's risk profile, representing 77% of the basic capital requirement at the end of 2019 (2018: 62%).

Non-life underwriting risks mainly relate to the premium and reserve risk 52% (2018: 58%) and the catastrophe risk 45% (2018: 36%), the remainder arising from lapse risk at 3% (2018: 5%).

The premium and reserve risk arises from the premium exposure and the development of outstanding unsettled claims at year end. Premium and reserve risk are calculated net of reinsurance. The non-life exposure relates:

- the line of business miscellaneous 72% of the non-life premium and reserve risk volume (2018: 54%) comprising unemployment risk, pet health insurance; and
- the motor liability, general liability and fire lines of business with 13% of volumes (2018: 30%) comprising motor insurance cover and household for claim outstanding mainly, and
- the other motor line of business with 15% of volumes (2018: 16%) corresponding to motor extended warranty products.

The catastrophe risk arises from infrequent shock events that give rise to large numbers of claims or large individual claims and mostly relates to the pet insurance and unemployment risk covers.

The lapse risk quantifies the impact of policyholders terminating their contracts earlier than reasonably expected. This risk remains relatively small for the Company due to the short-term nature of the products it currently underwrites (most of which being monthly or annual policies), which limits the period over which adverse changes in customer behaviors can apply.

The Company's exposure to underwriting risk on pet health insurance cover has increased with business growth expected in from the end of 2019 and into 2020 triggering a substantial increase in catastrophe risk.

On the creditor book, the Company's underwriting risk profile relates mainly to the risk inherent to unemployment and temporary disability. The exposure is reducing in line with the business volumes but the Company continues to be exposed to the possible economical short-term impact of delayed Brexit on unemployment rate. Please see section C.6, scenario 2 for more details.

The Company's motor and household exposure to risks ceased at the end of 2016. However, the Company continues to be exposed to the development of some historic claims (reserving risk) and notably for large bodily injury motor claims.

The Company's annuity and assurance book is in run-off leading to a continuously decreasing exposure to longevity risk.

For the other lines of business, the exposure to catastrophe risk for life or health related risks is limited.

C. RISK PROFILE– (continued)

C.1 Underwriting risk – (continued)

The Company adopts the following to mitigate these risks:

- Underwriting policy, risk tolerance and pricing and reserving procedures;
- Reinsurance (proportional and non-proportional) notably on annuity and assurance life book and large motor claims;
- Re-pricing when deemed necessary;
- Risk monitoring dashboards and risk monitoring committee; and
- External review of reserves for the most material line of business on an ad-hoc basis.

C.2 Market risk

Market risk is the risk that the Company is adversely affected by movements in the value of its financial assets arising from market movements.

The Company is mainly exposed to interest rate risk. It arises mainly from the bond portfolio and bank deposits with credit institutions. The average maturity duration of investment portfolio is between 1 and 8 years and therefore the Company is only exposed to the interest rate fluctuations upon their maturity or when the term of the fixed term deposits expires.

The Company has a low risk appetite for market risk, which has been translated into a policy allowing the Company to invest predominantly in short-term bonds or cash to match the short-tail nature of most of its claims. The risk is managed through the Investment Committee.

C.3 Credit / Counterparty risk

Credit risk is the risk that the Company becomes exposed to loss if the counterparty fails to meet its contractual obligations. The credit risk could, therefore, impact on the Company's ability to meet its claims and other liabilities as they fall due.

The primary source of credit risk for the Company is:

- Investments portfolio including cash and cash equivalents;
- Amounts due from reinsurer; and
- Amounts due from insurance intermediaries.

Investment activities

The Company, through the Board and the Investment Committee, seeks to limit, as far as is practical, exposure to credit risk from its investment activities. The investment credit risk managed through established guidelines and procedures. The Company's investment policy prescribes the investments limits and credit quality of the investments, which are monitored and reviewed by the Investment Committee on quarterly basis.

C. RISK PROFILE– (continued)

C.3 Credit / Counterparty risk– (continued)

The Company maintains a low risk, high quality investment portfolio with exposure concentrated in bonds, bank deposits and cash. The table below provides investment portfolio by credit quality:

<i>Investment portfolio by credit quality</i>	2019		2018	
	£'000	%	£'000	%
AAA	23,039	12%	25,265	11%
AA	3,018	2%	6,055	3%
AA-	26,219	13%	37,516	17%
A+	44,953	23%	61,155	27%
A	61,366	31%	73,263	32%
A-	25,065	13%	9,725	4%
BBB+	12,275	6%	13,131	6%
BBB	-	-	102	-
	195,934	100%	226,212	100%

Concentration of credit risk exists where the Company has significant exposure to an individual counterparty or a group of counterparties. As at 31 December 2019, the Company has £23.7m investment with a single issuer with a credit rating of "A" with average duration of 6 months. The single party exposure is within the Company's prescribed investment policy limit.

Reinsurance risk

The Company manages the risk through the use of preferred reinsurers. No reinsurance counterparty has a rating lower than A-.

The highest exposure to single reinsurance counterparty is £23.1m (2018: £22.5m) rated AA- under IFRS basis on the Long-term business.

The best estimate ceded reinsurance liability under IFRS basis as at 31 December 2019 is £48.5m (2018: £46.2m) and £50.6m (2018: £48.0m) under Solvency II basis. The difference is due to valuation differences.

C. RISK PROFILE– (continued)

C.3 Credit / Counterparty risk– (continued)

Insurance debtors and other receivables

The Company regularly reviews receivables, the collectability of these receivables and adequacy of associated impairment. Outstanding premiums receivables balances are monitored by the business operations team on a monthly basis, as a minimum. Concentration risk is also monitored for large partners/brokers. Bad debt provisions are provided where appropriate to reflect recoverability of the receivables.

The carrying value of the insurance and other receivables at 31 December 2019 is £16.9m (2018: £10.8m) net of bad debts provisions of £nil (2018: £nil). The value of these receivables under Solvency II basis is £9.3m (2018: £5.6m). See section D for detail on the valuation differences.

The Company mitigates its credit risk and risk concentration as follows:

- individual counter-party risk assessment using Standard & Poor's rating assigned to each counterparty;
- credit and concentration risk limits relating to cash, short term deposits and bond investments are defined in the Investment policy. The Company has a very low risk appetite for any default by counterparties with whom deposits are placed and will not place funds with counterparties whose S&P credit rating is lower than BBB- or lower rated investments;
- selection of reinsurance counterparts from a pre-approval list or for new approvals according to actuarial governance framework
- monies held in trust accounts (or the segregated accounts); and
- contractual audit rights and rights to terminate contracts due to the failure of counterparties to perform agreed duties including the right to set-off.

C. RISK PROFILE– (continued)

C.4 Liquidity risk

The Company considers Liquidity Risk both in terms of the risk of having insufficient liquidity to satisfy policyholder liabilities and maintain financial flexibility in the event of a stress event. The Company mitigates liquidity risk in the following ways:

- The Company, through the Investment Committee and dedicated treasury function, manages the liquidity risk through investments in predominately liquid financial assets; and
- The Company prepares forecasts to predict the required level of liquidity levels both for short-term and medium-term and adjusts the assets accordingly.

The tables below analyses the liquid resources available to meet Company's liabilities as they fall due:

As at 31 December	2019	1 Year	2-3 Years	4-5 Years	Over 5Years	2018
Highly liquid resources	£'000	£'000	£'000	£'000	£'000	£'000
Financial investments	178,660	90,347	60,767	24,554	2,991	217,169
Cash & cash equivalents	17,273	17,273	-	-	-	9,043
	195,933	107,620	60,767	24,554	2,991	226,212
Expected liabilities						
Gross insurance liabilities	75,466	20,755	15,068	6,041	33,581	88,705
Other payables	15,020	15,020	-	-	-	28,872
	90,486	35,795	15,068	6,041	33,581	117,577
Surplus funds	105,447	71,826	45,699	18,513	(30,590)	108,365

The Company has surplus funds of £105.4m (2018: £108.6m) in excess of its liabilities. The deficit of £30.6m in the above table is a timing difference between financial investments maturity profiles against the expected liabilities over 5 years. The Company always holds adequate liquid assets to meet any expected obligations.

With regard to liquidity risk, the Expected Profit Included in the Future Premium ("EPIFP") means the expected present value of future cash-flow which results from the inclusion in technical provisions of premium relating to existing insurance contracts that are expected to be received in the future. The reduction in EPIFP from last year is driven by Pet business attracting a larger proportion of the Company's expenses relative to other product lines running off, reflecting the Company's upfront investment to develop of scalable Pet business operating model expected to bring economies of scales in the near future.

As at 31 December	Unaudited 2019	Unaudited 2018
	£'000	£'000
EPIFP	83	702

C. RISK PROFILE– (continued)

C.5 Operational risk

The Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events having an adverse impact on the business.

Operational risks are usually more difficult to quantify as such, so that their materiality is assessed using a severity / impact scoring approach. This allows risks to be ranked in order of their potential impact and so to focus risk management activities on those risks warranting the greatest attention.

The Company is exposed to the following material operational risks:

- Payment Protection Insurance (PPI) mis-selling complaints: PPI is an insurance product, which covers loan or debt repayments in certain circumstances where the consumer is unable to service the debt. Historically, the Company offered PPI for loans, credit cards and mortgages via its intermediaries. The Company's management closely monitor the exposure to the PPI mis-selling complaints and have taken appropriate action to mitigate the impact on the Company resulting in a provision of £7.1m (2018: £8.4m). This risk is reducing as the deadline for PPI complaints has now passed and the Company is taking action to close all remaining complaints.

The risks and uncertainties associated with the UK exiting from EU have been considered by the Directors and, while they continue to monitor the post-Brexit negotiations, they do not currently believe there will be a material adverse impact on the Company's results or financial position in the current or following financial year.

The Company manages operational risk through a framework of robust systems and controls which includes:

- Internal committees reviewing and reporting material operational risks notably those arising from PPI mis-selling and Brexit;
- Incident reporting system: this is used by staff for reporting any operational incidents which are reviewed by the Business Risk and Controls Department placing appropriate preventive and corrective actions in place;
- Departmental level risk assessments: departments record their key risks on their departmental risk registers in compliance with company-wide procedures which are discussed by the Company executive management group;

C. RISK PROFILE– (continued)

- Corporate level risk register: the risk owners report on their most material risks and their evolution during their weekly meetings; and
- Risk reports are sent to the RAC, which in turn reports to the Board: Reports are regularly submitted on operational, compliance and legal risks.

Regulatory Risk: The Company is required to comply with the requirements of the Prudential Regulation Authority and Financial Conduct Authority. Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change. The Regulatory Risk is managed by the Risk and Compliance teams to ensure legislative and regulatory changes are identified understood and observed.

C.6 Risk sensitivities

The Company has identified two scenarios and assessed the impact of both scenarios on its solvency position:

Scenario 1: Default of our largest reinsurance exposure at 31 December 2019 amongst all such exposures with a credit rating of A¹ or lower, which the Company considered would materialise in an instant loss equal to the amount of the reinsurance exposure after expected liquidation recoveries (40% recovery according the Solvency II standard parameters for such credit rating), leading to an increase in the Company's net liabilities and its reserve risk SCR capital requirement as a result, together with a (relatively smaller) second-order reduction in Counterparty default risk SCR.

The scenario would trigger a £2.3m increase in the Company's net BEL (directly reducing own funds) combined with a net £0.3m increase in SCR.

Scenario 2: Instantaneous and unexpected increase in national unemployment rates up to recessionary levels combined with a sudden increase in national sickness rates due to a widespread viral contamination, with a greater persistency on the Creditor books and a lengthening of recoveries from claims outstanding at 31 December 2019, which the Company considered would affect its Creditor portfolio as loss ratios increasing three fold from base levels, lapse rates reducing to nil and outstanding claim costs turning out to be 50% higher than the Company's base best estimate claims reserves.

The scenario would trigger an increase in BEL of £4.5m which is partly mitigated by profit share (directly reducing own funds) and an increase in SCR of £1.1m.

Under both scenarios, the Company's solvency ratio remains above 200%.

¹ Standard & Poor's or equivalent credit rating

D. VALUATION FOR SOLVENCY PURPOSES

D.1 Assets

The following table summarises the assets held by the Company as at 31 December 2019 with analysis of the differences between Solvency II and IFRS valuation rules:

Total Assets	Notes	IFRS	Adjustment for Solvency purpose	Unaudited 2019 Solvency II	Unaudited 2018 Solvency II
		£'000	£'000	£'000	£'000
Financial investments	D.1 (a)	178,660	14,712	193,372	222,892
Reinsurance assets	D.1 (b)	48,468	2,188	50,656	47,967
Insurance and other receivables	D.1 (c)	16,963	(6,891)	10,072	5,611
Cash and cash equivalents	D.1 (d)	17,274	(14,000)	3,274	4,421
Deferred acquisition costs	D.1 (e)	3,087	(3,087)	-	-
Deferred Tax asset		316	1,498	1,814	471
Total Assets		264,768	(5,580)	259,188	281,362

Solvency II Directive and Delegated Regulation (EU) 2015/35 generally provide for undertakings to recognise and value assets and liabilities other than technical provisions in accordance with the International Financial Reporting Standards ("IFRS") adopted by the European Commission in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council, except where this is not consistent with Article 75 of the Solvency II Directive.

The valuation principles applied between each material asset class are explained below:

D.1 (a) Financial investments: The Company's financial investments comprise bonds and term-deposits which are analysed below:

Financial investments	IFRS	Reclassification for Solvency purpose	Unaudited 2019 Solvency II	Unaudited 2018 Solvency II
	£'000	£'000	£'000	£'000
Corporate bonds	55,676	657	56,333	78,060
Government bonds	11,826	56	11,882	24,735
Investments funds	-	14,000	14,000	4,622
Deposits with credit institutions	111,157	-	111,157	115,475
Total	178,660	14,712	193,372	222,892

D. VALUATION FOR SOLVENCY PURPOSES– (continued)

D.1 Assets – (continued)

Adjustment for Solvency II purposes represents reclassification of:

- Highly liquid deposit of £14.0m (2018: £4.6m) into Solvency II balance category of “Investment Fund” which is held within cash and cash equivalents under IFRS basis.
- Accrued interest of £0.7m (2018: £1.1m) is recognised in the valuation of ‘investments’ on the Solvency II balance sheet, but held within ‘other assets’ on the IFRS balance sheet. The amount is split between Corporate and Government bonds as appropriately required.

Under the IFRS basis, financial assets which also include financial investments are classified into the following specified categories:

- financial assets at fair value through profit or loss (FVTPL);
- held to maturity investments;
- available-for-sale financial assets; and
- loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Company designates its corporate bonds and government bonds at fair value through profit or loss which is valued using quoted market prices at the period end date provided by recognised pricing sources.

Deposits with credit institutions are classified as Loans and receivables which carry fixed payments that are not quoted in the active market. These are measured at amortised cost under IFRS.

The Solvency II valuation rules for financial investments are consistent and in line with those applied in the IFRS financial statements.

D.1 (b) Reinsurance assets: These were valued at £48.5m under IFRS and £50.7m under Solvency II resulting in £2.2m (2018: £1.0m) Solvency II valuation difference.

The table below provides the difference between the IFRS and Solvency II carrying values:

Reinsurance assets	IFRS 2019	Valuation differences (IFRS vs. SII)	Unaudited Solvency II 2019	Unaudited Solvency II 2018
	£'000	£'000	£'000	£'000
Non-life excluding health	20,286	5,430	25,716	21,138
Life excluding health	28,182	(3,242)	24,940	26,829
Total Assets	48,468	2,188	50,656	47,967

D. VALUATION FOR SOLVENCY PURPOSES– (continued)

D.1 Assets – (continued)

The valuation difference of £2.2m between IFRS basis to Solvency II basis arises from:

- an allowance for potential adverse developments in the Company's large bodily injury outstanding claims, beyond the level implied by the analysis of the Company's claims historical data (events not in data or ENID) for motor risks of positive main (£6.4m),

Offset by the following factors:

- a recognition of the margins included in the mortality assumptions underlying the ceded IFRS reserves relating to the Company's annuities and assurance products of (-£0.9m);
- different discount rates used to convert future cash-flows in today's monetary value (-£2.9m);
- the release of margins included in IFRS share of reinsurance claims reserves (-£0.1m);
- the de-recognition of deferred acquisition costs (not permitted under Solvency II) associated with the unearned portion of Pet premiums received prior to 31 December 2019 in relation to third-party liability risks which are 100% reinsured by the Company (-£0.1m);
- deduction made to the reinsurance assets to reflect potential risk of counterparty default from reinsurers to which the Company transfer its book of annuities (-£0.2m), and
- an allowance for expected profits in future premiums within Solvency II provisions ceded to 1.

The valuation difference resulted in a decrease in the carrying value of the reinsurance assets and is reflected in the reconciliation reserves (see section E.1).

D.1 (c) Insurance and other receivables: value as at the year-end is £16.9m (2018: £10.8m) under IFRS and £10.0m (2018: £5.6m) under Solvency II. The total valuation difference is £6.9m made up of:

- Insurance receivables of £6.2m (2018: £4.1m); and
- Accrued interest of £0.7m (2018: £1.1m).

In accordance with Solvency II guidelines premium cash flows falling due after the valuation date are recognised within technical provisions, and premiums due at the valuation date are recognised as an asset. Hence, the valuation difference of £6.2m is allowed for in the Solvency II BEL calculations as future inflows within the premium provisions.

The impact of the adjustment is reflected in the reconciliation reserves to offset against the valuation difference between IFRS and Solvency II technical provisions. (See note E.1).

Accrued interest of £0.7m held as part of other receivables under IFRS is reclassified within corporate and government bonds for Solvency II purposes.

D. VALUATION FOR SOLVENCY II PURPOSES– (continued)

D.1 Assets – (continued)

Other elements included within other receivables included are, amounts due from group undertakings and prepayments are considered close approximation to the fair value due their short-term nature of due within one year.

D.1 (d) Cash and cash equivalents: Cash and cash equivalents comprise cash in hand and demand deposits with banks together with short-term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of change in value.

Under IFRS, cash and cash equivalents are £17.3m (2018: £9.0m) which have reduced to £3.3m (2018: £4.4m) due to a reclassification of a highly liquid deposit of £14.0m (2018: £4.6m) into Solvency II balance category of "Investment Fund".

The Solvency II valuation rules for cash & cash equivalents are consistent and in line with those applied in the IFRS financial statements.

D.1 (e) Deferred acquisition costs (DAC): Under IFRS, the acquisition costs should be deferred commensurate with the unearned premiums provisions. The deferred acquisition costs (DAC) are separately presented as an asset in the IFRS balance sheet. However, under Solvency II, the DAC of £3.1m (2018: £3.5m) is valued as nil as it is included in the premiums provisions valuation (part of Solvency II best estimates) and therefore not included as an asset.

D.2 Technical provisions

Technical provisions are valued in accordance with Article 77 of the Solvency II Directive which states that the value of technical provisions shall be equal to the sum of a Best Estimate Liabilities (BEL) and the risk margin. The technical provisions as at 31 December 2019 were:

Balance Sheet Extracts –Technical provisions As at 31 December	Unaudited 2019	Unaudited 2018
	£'000	£'000
Technical provisions – non-life (excluding health)		
<i>Best Estimate</i>	51,796	59,029
<i>Risk margin</i>	8,292	4,623
Technical provisions - health (similar to non-life)		
<i>Best Estimate</i>	4,870	9,706
<i>Risk margin</i>	249	345
Technical provisions – life		
<i>Best Estimate</i>	26,814	29,497
<i>Risk margin</i>	314	337
TECHNICAL PROVISIONS INC. BEST ESTIMATE OF LIABILITIES – SOLVENCY II	92,335	103,537
TECHNICAL PROVISIONS IFRS	86,024	93,616

D. VALUATION FOR SOLVENCY II PURPOSES– (continued)

D.2 Technical provisions – (continued)

IFRS technical provisions: comprises unearned premium reserves, claims outstanding and long-term business provisions, reduced from £93.6m to £86.0m in 2019 due to:

- Unearned premium reserve: increased by £1.7m from £8.8m in 2018 to £10.5m in 2019 mainly due to the increase in Pets by £2.4m offset by declining others £0.7m.
- Claims outstanding: decreased by £9.0m largely due to a release of reserves relating to Motor of £6m, Creditor of £1.7m and others.
- Long-term Business Provision: The gross of reinsurance life mathematical reserves have decreased by £0.6m over 2019 to £30.1m (2018: £30.7m), driven mainly by the run off of the:
 - Company's Guaranteed Underwriting Agency annuity book (GUAL), for which the liability has decreased as a result (- £0.8m), and
 - Risk Assurance Management (RAM) annuity books, for which the impact of reducing interest rates used for discounting (+ £2.7m) is offset by the reducing number of annuitants (- £1.8m) and updated inflation assumptions (- £0.7m).

Solvency II technical provisions against IFRS: increased by £6.7m (2018: £4.2m) from £86.0 to £92.3m under Solvency II, which is explained by the combination of the main following factors:

- the reclassification of loss-absorbing element of profit share payables into technical provisions under Solvency II (£4.6m),
- the provision for extra expenses, primarily overheads, within Solvency II provisions (£3.2m),
- an allowance for (events not in data or ENID) primarily representing potential adverse developments in the Company's large bodily injury outstanding motor claims, beyond the level implied by the analysis of the Company's claims historical data (£7.5m)
- the addition of the Solvency II risk margin reflecting the cost of capital (£8.9m),

Mainly, offset by the following factors:

- the de-recognition of premium asset receivables arising from annual policies payable monthly, which are annualised in the IFRS balance sheet and of deferred acquisition costs not permitted under SII (- £5.2m and - £2.7m respectively, combined - £7.9m)
- different discount rates used to convert future cash-flows in today's monetary value (-£4.2m),
- the recognition of the margin included in the Company's IFRS claims provisions (- £3.4m) and premium provisions (- £2.0m),
- an allowance for expected profits in future premiums within Solvency II provisions ceded to reinsurance (- £0.1m),
- a combination of other less material factors and rounding balances (- £0.3m combined)

D. VALUATION FOR SOLVENCY II PURPOSES– (continued)

D.2 Technical provisions – (continued)

Solvency II technical provision against prior year: comprise best estimates claims provisions, premium provisions and the risk margin gross of reinsurance. The technical provisions before reinsurance decreased by £11.2m from £103.5m to £92.3m in 2019 are explained by:

- Best estimate claims provisions: reduced by £10.8m from £58.6m to £47.8m, mostly driven by the effect of reclassification of redress payment provision towards non-technical liabilities (-£4.1m) and continued reserve run-off of the motor and household risks (-£1.6m and -£1.8m respectively). Volume reductions associated with the run-off of continuing live books and recent terminations of Creditor books (-£2.3m) is another contributing factor to the yearly reduction. The remainder corresponds to relatively small decreases from Pet and Warranty products (-£1.1m combined).
- Best estimate premium provisions (for unexpired risks): reduced by £3.9m from £39.6m to £35.7m, mainly explained by reducing volumes in the Company's PPI product line (-£3.5m), reducing risks on long term business (-£1.7m of which -£1.0m from a transferred book of long-term sickness benefit claims on Swedish lives to another insurer), a nearly stable motor warranty book (-£0.1m), partly offset by Pet growth (£1.4m).
- Risk margin: increased by £3.6m from £5.3m to £8.9m which is attributed to a change in discount rates and a revision of the periodical payment order propensity for Motor vehicle liability together with the Company's planned business growth for the coming year.

D. VALUATION FOR SOLVENCY II PURPOSES– (continued)

D.2 Technical provisions – (continued)

The BEL is the sum of the claims provision BEL (valuation of IFRS claims reserves run-off under Solvency II standards) and the premium provision BEL (arising from future events).

The gross technical provisions by Solvency II lines of business are set out in the table below:

By line of business	Unaudited 2019			Unaudited 2018		
	Best estimate	Risk margin	Total	Best estimate	Risk margin	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Medical expense	2	-	2	18	-	18
Income protection	4,868	248	5,116	9,688	344	10,032
Motor vehicle liability	38,286	5,433	43,720	39,828	3,228	43,056
Other motor	2,182	156	2,339	2,203	101	2,304
Fire & other damage to property	965	31	996	2,024	52	2,076
General liability	650	14	665	1,449	39	1,488
Miscellaneous financial loss	9,712	2,657	12,369	13,525	1,204	14,729
Non-life	56,666	8,641	65,207	68,735	4,968	73,703
Other life	26,814	314	27,128	29,497	337	29,834
Life	26,814	314	27,128	29,497	337	29,834
TOTAL TECHNICAL PROVISIONS	83,480	8,855	92,335	98,232	5,304	103,537

In the above table:

- The gross BEL for miscellaneous financial loss line of business is £9.7m (2018: £13.5m), comprises pet and PPI unemployment risks, together representing 17% (2018: 20%) of the Company's overall non-life BEL.
- The gross BEL for motor liability is £38.3m (2018: £39.8m) representing 68% (2018: 58%) of the non-life BEL. As the activity on motor ceased in 2015, this only includes outstanding claims.
- The line of business "Fire and other damage to property" mostly relates to home insurance for a gross BEL of £1.0m (2018: £2.0m);
- The life long term fund BEL including risk margin is £27.1m (2018: £29.8m) representing a relatively stable proportion of the Company's risk at 29% of the provision (2018: 29%)
- The risk margin calculated is £8.9m (2018: £5.3m) and represents 9.6% (2018: 5.1%) of the overall gross technical reserves. The overall increase is attributed to a change in discount rates and a revision of the periodical payment order propensity for Motor vehicle liability together with the Company's planned business growth for the coming year.

D. VALUATION FOR SOLVENCY II PURPOSES– (continued)

D.2 Technical provisions – (continued)

The notable increase of risk margin allocated to the Motor vehicle liability reflects a greater likelihood for a specific outstanding bodily injury claim to settle as a periodical payment order, combined with a downward movement in risk-free yields used for discounting. Periodical payment order implies additional longevity risk compared to lump sum settlement and hence requires higher level of risk margin.

The recoverables from reinsurance contracts are £50.7m (2018: £48.0m) mostly split as £25.4m for non-life excess-of-loss reinsurance treaties on motor vehicle liability and £24.9m quota-share on annuities and assurances (the remainder £0.3m corresponding to Pet liability risks). The decrease in recoverable is driven by the downwards movement in the interest rate yield used by the company to discount the expected reinsurance recoveries on its motor and the annuities books.

D.2 (a) Description of method used for technical provision assessment

Assessment of the Best Estimate Liabilities

The liability cash flow projections are assessed using deterministic based and best estimate assumptions.

For annuities and assurances products, the projections are made for each individual policy in line with the financial statement methodology. For the other lines of business (Non-life and Health), the projections are made by homogeneous risk groups. The cash flows taken into account for the purpose of the projections are:

- future premiums arising from existing contracts at the projection start date;
- claims payable (arising from outstanding claim reserve, unearned premium reserve and future premium on existing contracts);
- commissions and profit share payable to intermediaries;
- overheads (including claims management cost and administration costs); and
- recoverable from reinsurance.

Assessment of the reinsurance recoverable

The best estimates are calculated gross of reinsurance and without deduction of amounts recoverable from reinsurance contracts.

The amounts recoverable are calculated separately, following the same principles as presented for the best estimate and consistently with the contract liability term of the underlying policies covered and the reinsurance contract term. The result is then adjusted to take account of expected losses due to default of the counterparty. This adjustment is based on the probability of default of the reinsurance counterparty based on its rating.

D. VALUATION FOR SOLVENCY PURPOSES– (continued)

D.2 Technical provisions– (continued)

Assessment of Risk Margin

The risk margin is assessed as the cost of providing an amount of eligible own funds equal to the Solvency Capital Requirement (SCR) necessary to support the insurance obligations over their lifetime. It is calculated as 6% of the present value of the projected SCR at the end of each year. The SCR is assessed based on year end using drivers for each component based on the run off risk profile of the portfolio.

D.2 (b) Uncertainty associated with the amount of technical provisions

There is uncertainty arising from the projection method (deterministic approach).

For non-Life projections, there is uncertainty related to the grouping of insurance and reinsurance obligations on a limited number of homogeneous risk group for liabilities arising from future premiums. However this risk is limited due to the limited projection horizon of future premium.

D.2 (c) Material differences with financial statements valuation

For the purpose of the valuation of the BEL claims, the approach between solvency II and the statutory accounts are aligned. The statutory accounts best estimate claims outstanding reserves are used as the basis for future payment projections. The differences are limited to the use of an annual payment pattern combined with the application of a risk-free discount rate and the introduction of Events Not In Data (ENID).

Compared to the financial statements, the future cash flows arising from premium exposure at the end of the financial year (unearned premium reserve and expected future premium generated by the monthly premium product cover up to their contractual liabilities terms) are taken into account.

With the exception of annuities and assurance products, the future claims payments are estimated using a loss ratio approach applied to the premium exposure.

D.2 (d) Details on key assumptions

The key assumptions used in the projection are the following:

- future loss ratios;
- discount rate;
- best estimate mortality table; and
- overheads projected.

D. VALUATION FOR SOLVENCY PURPOSES – (continued)

D.2 Technical provisions– (continued)

Overheads

The overheads are projected using two main components; administration costs and claims management expenses.

The overheads projections are based on the detailed analysis of 2019 costs structure taking into account expected future inflation.

Loss ratio

The loss ratio used for the purpose of BEL premium assessment is calibrated using a tailor made study for most material homogeneous risk group and based on past months experience for others.

D.3 Other liabilities

The table below provides total liabilities analysis including other liabilities as at 31 December 2019 of £18.9m (2018: £19.3m).

Liabilities as at 31 December 2019	Notes	Unaudited 2019 Solvency II	Unaudited 2018 Solvency II
		£'000	£'000
Technical provisions incl. best estimate of liabilities (BEL)	D.2	92,335	103,537
Insurance & intermediaries payables		16,859	17,425
Insurance payable-reinsurance operations		24	62
Amounts owed to credit institutions		-	31
Amounts owed to group undertakings		556	641
Other taxation and social security		1,430	1,171
Accruals and deferred income		120	539
Other liabilities	D.3(a)	18,989	19,329
Excess of assets over liabilities (basic own funds)	E.1	147,864	157,957
Total Liabilities		259,188	281,362

D. VALUATION FOR SOLVENCY PURPOSES – (continued)

D.3 (a) Differences between Solvency II valuation and IFRS valuation by material class of other liabilities

Insurance & intermediaries payables: represents profit share and claims payable, which are due to be settled after the reporting period.

There is a valuation difference between IFRS carrying value of insurance and intermediaries payable and Solvency II basis. The valuation difference relates to a profit share payable of £4.6m (2018: £8.9m).

Under Solvency II Level 1 Directive, Article 77(2), the cash flow projections to estimate the technical provisions should take into account all cash in and out flows required to settle the insurance and reinsurance obligations. Therefore, the profit share payable for contract within the contract boundaries is included within BEL calculations resulting in reclassification of the amount to the reconciliation reserve (see note E.1).

As a result of the valuation difference, the amount relating to insurance & intermediaries payables under IFRS reduced from £21.4m (2018: £26.4m) to £16.8m (2018: £17.4m) under Solvency II basis. The IFRS amount includes PS10/12 PPI and ARS provision of £8.5m (2018: £8.4m).

Amounts owed to group undertakings: represent short-term intercompany liability which is valued at amortised cost. The carrying value of £0.6m (2018: £0.6m) which is subject to 30 days credit terms deemed to be fair value as at the year end. Therefore there is no difference between the IFRS and Solvency II carrying values.

Other taxation and social security: represents Insurance Premium Tax (IPT) payable to HM Revenue & Customs (HMRC). The IPT is a financial liability valued as loans and receivables under IFRS which is deemed to be an approximate to fair value due to the short-term settlement time after the reporting date.

The following amounts included within other liabilities above in the table are under IFRS principles:

- Insurance payable-reinsurance operations;
- Amounts owed to credit institutions; and
- Accruals and deferred income.

The carrying value of these liabilities is deemed to be a close approximation to fair value as they are all due within one year. Therefore, no adjustment is required under Solvency II.

D.4 Alternative methods for valuation (article 263)

The Company does not use any alternative methods for valuation.

D. VALUATION FOR SOLVENCY PURPOSES – (continued)

D.5 Any other information

The Company does not apply the:

- Matching adjustment referred to in Article 77b of Directive 2009/138/EC.
- Volatility adjustment referred to in Article 77d of Directive 2009/138/EC.
- Transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC.
- Transitional deduction referred to in Article 308d of Directive 2009/138/EC.

E. CAPITAL MANAGEMENT

E.1 Own funds

Under the Solvency II regime, the Company is required to hold sufficient own funds to cover its Minimum Capital Requirement (MCR) and Solvency Capital Requirement (SCR).

The Company's capital management policy is to maintain its own funds in excess of SCR with a target minimum coverage of 120%. The following table provides Company's own funds position as at 31 December 2019:

Own Funds	Unaudited 2019	Unaudited 2018
	£'000	£'000
Ordinary share capital	126,557	126,557
Share premiums	23,323	23,323
Reconciliation reserve	(3,830)	7,607
Deferred Tax asset	1,814	471
Total available own funds to meet SCR	147,864	157,957

None of the Company's own funds are subject to transitional arrangements and the Company has no ancillary own funds as at 31 December 2019. The Company classifies its own funds as Tier 1, Tier 2 or Tier 3 depending on the characteristics of the capital. Tier 1 capital is the best form of capital for the purposes of absorbing losses. All of the Company's own funds items fall under Tier 1-unrestricted category except the net deferred tax asset classified as Tier 3 capital.

The Company's available own funds decreased by £10.1m mainly due to dividend payment of £5.8m to the UK shareholder in June 2019, Solvency II valuation differences £4.8m offset by prior year adjustments and profit made during the year.

Reconciliation reserve (£'000)	Notes	Unaudited 2019	Unaudited 2018
IFRS Retained earnings		5,295	10,575
Solvency II valuation differences			
-reinsurance share of technical provisions	D.1(b)	2,188	1,751
-gross technical provisions liability	D.2	(6,311)	(6,079)
-premium receivables	D.1(d)	(6,178)	(4,100)
-profit share payable	D.3(a)	4,579	8,962
-de-recognition of deferred acquisition costs	D.1(e)	(3,087)	(3,543)
-deferred tax (asset)/liability		(316)	41
		(9,125)	(2,968)
Reconciliation reserve		(3,830)	7,607

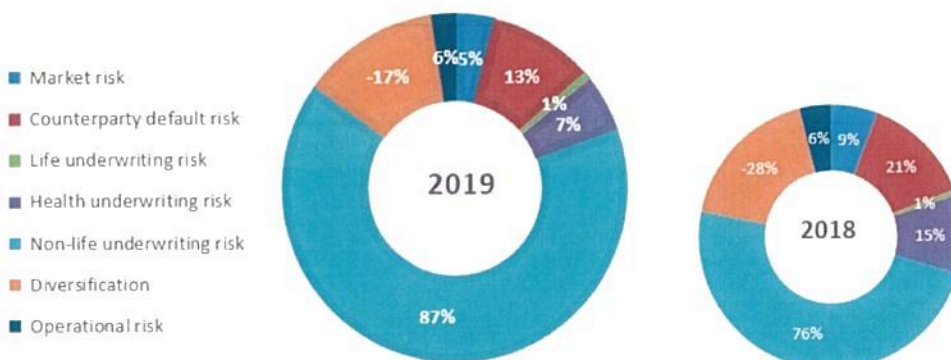
E. CAPITAL MANAGEMENT – (continued)

E.2 Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR)

The Company's SCR as at 31 December 2019 is £59.4m (2018: £36.0m). The Company's MCR as at 31 December 2019 is £15.0m (2018: £10.8m). The SCR of the Company is the aggregation of the market, counterparty and non-life underwriting risks, less a credit for diversification and an additional charge to represent the operational risks faced by the Company.

The table below provides the breakdown of the SCR by risk:

Solvency Capital requirement(SCR) by risk	Unaudited 2019	Unaudited 2018
	£'000	£'000
Market risk	3,271	3,267
Counterparty default risk	8,071	7,649
Life underwriting risk	390	428
Health underwriting risk	3,385	5,373
Non-life underwriting risk	51,853	27,317
Diversification	(9,396)	(10,220)
Basic Solvency Capital Requirement	57,574	33,813
Operational risk	1,821	2,195
Solvency Capital Requirement	59,395	36,008



Non-life underwriting risk remained the main component of the SCR.

The Company has not used undertaking specific parameters to calculate the SCR pursuant to Article 104(7) of the Solvency II Directive. The SCR remains subject to formal supervisory assessment and includes no adjustments or capital add-on.

E. CAPITAL MANAGEMENT – (continued)

Market Risk: a component of the SCR is driven by the risks inherent within the Company's assets and liabilities portfolio and the details of the changes over the reporting period are as follows:

Solvency Capital requirement	Unaudited 2019	Unaudited 2018
	£'000	£'000
Interest rate risk	971	186
Spread risk	2,110	2,590
Currency risk	18	33
Concentration risk	1,797	1,970
	4,846	4,780
Less: Diversification effect	(1,625)	(1,513)
Market risk	3,271	3,267

The Market risk SCR net of diversification was unchanged at £3.3m. The Market Risk arises from:

Spread risk: results from the sensitivity of the value of assets, liabilities and financial instruments to changes in the level or in the volatility of credit spreads over the risk-free interest rate structure. The spread risk applies to the Company's holdings in corporate bonds and money market funds. The spread risk decreased to £2.1m (2018: £2.6m). This was due to a decrease in corporate bonds holdings from £78.1m in 2018 to £56.3m in 2019 which had a downward impact on spread risk.

Concentration risk: arises from large investments in individual counterparties and single name exposure. It applies to investment holdings in excess of a specified threshold, and is based on exposure, rating and total assets held. The Company's concentration risk decreased to £1.8m in 2019 from £2.0m in 2018 with concentration exposure reducing to £82.2m in 2019 from £107.4m in 2018. This resulted in a lower concentration risk charge.

Currency risk: arises from changes in the level or volatility of currency exchange rates. The Company's currency risk arose from the Irish creditor book of business. As a result, the Company is required to hold Euro currency to settle the liabilities as they fall due from the business. The decrease in Euro cash holding from £2.0m to £0.2m in 2019 is due to the run-off of Irish business which resulted in lower currency risk.

The decrease in Euro deposits reflects reduction in liabilities due to the book in run-off.

Interest rate risk: driven by changes in assets and liabilities of the Company due to changes in term structure of interest rates. The Company's interest rate risk increased to £1.0m (2018: £0.2m).

The Company does not hold any investments in equities or properties, hence no SCR required.

Diversification effect: between the sub-modules of Market SCR reduced to £1.6m (2018: £1.5m) due to reduction in the overall investment portfolio.

E. CAPITAL MANAGEMENT – (continued)

Counterparty default risk: module of £8.1m (2018: £7.6m) arises from risk of default on reinsurance recoverable and cash at bank and deposits. The table below provide breakdown by each asset class.

	Unaudited 2019	Unaudited 2018
	£'000	£'000
<i>Type 1 - rated</i>		
Reinsurance recoverable	631	586
Cash at bank and deposits	6,258	6,227
<i>Type 2 - unrated</i>		
Receivables from intermediaries	1,495	1,070
Diversification	(313)	(235)
Counterparty default risk	8,071	7,649

The Counterparty default SCR increased to £8.1m (2018: £7.6m) mainly driven by the following:

- Receivables from intermediaries: increased by £0.5m capital charge due to an increase higher intercompany balances with intergroup companies
- Capital charge on cash at bank and deposits is maintained at £6.3m (2018: £6.2m) as cash holdings substantially remained unchanged.

Life underwriting risk: represents the risk of adverse change in the value of long-term BEL due mainly from mortality rates and longevity risk. The life underwriting risk SCR is £0.4m (2018: £0.4m).

Health underwriting risk (Non similar to Life techniques): provides composition of Health underwriting risk:

	Unaudited 2019	Unaudited 2018
	£'000	£'000
Health Non-SLT	3,358	5,343
Health Catastrophe	102	116
Diversification	(75)	(86)
Health underwriting risk	3,385	5,373

The Health underwriting SCR arises from:

- 3.4m (2018: £5.4m) health non-SLT risk mainly driven by earned premium and reserve volume decrease of the Company's Creditor business.
- £0.1m (2018: £0.1m) Health Catastrophe risk represents the pandemic and mass accident risks (please note as previously mentioned the figures in this return do not reflect the impact of Covid-19 due to it being treated as a non-adjusting post balance sheet event).

E. CAPITAL MANAGEMENT – (continued)

Non-life underwriting risk: SCR risk module comprises:

	Unaudited 2019	Unaudited 2018
	£'000	£'000
Non-life premium & reserve	35,156	20,937
Non-life Lapse	2,320	2,123
Non-life Catastrophe	30,258	12,953
Diversification	(15,881)	(8,695)
Non-life underwriting risk	51,853	27,317

The non-life underwriting risk SCR arises from:

- premium and reserve risks of £35.2m (2018: £20.9m) mostly driven by premium exposure to miscellaneous financial loss and other motor and claim exposure to motor liability;
- catastrophe exposure of £30.3m (2018: £12.9m) mostly driven by future premium exposure on miscellaneous financial loss, reflecting planned growth of the Company's pet product line; and
- lapse risk of £2.3m (2018: £2.1m) on future premium arising from existing contracts up to their contractual liabilities term.

Operational risk: of £1.9m (2018: £2.2m) is driven by life and non-life technical provision.

Solvency Capital requirement		Unaudited 2019	Unaudited 2018
		£'000	£'000
Gross non-life BEL	56,666 x 3%	1,700	2,062
Gross life BEL	26,814 x 0.45%	121	133
Operational risk		1,821	2,195

The Company has calculated the MCR based on rules set out in the Delegated Regulation. The MCR calculation is mainly based on the net value of technical provisions and the volume of premiums written in the last year. The result of the calculation is then subject to a floor and a cap, of 25% and 45% of the SCR respectively. As at 31 December 2019, the MCR is of £15.0m and within the SCR corridor at 25% of SCR.

E. CAPITAL MANAGEMENT – (continued)

Minimum Capital Requirement	Unaudited 2019	Unaudited 2018
	£'000	£'000
Linear minimum capital requirement	8,652	10,847
Solvency capital requirement - SCR	59,395	36,008
Minimum capital requirement cap	26,728	16,240
Minimum capital requirement floor	14,849	9,002
Combined minimum capital requirement	14,849	10,847
Absolute floor of the minimum capital requirement	6,373	6,577
Minimum Capital Requirement - MCR	14,849	10,847

Capital position

The Company has Solvency II capital surplus of £83.2m and Solvency ratio of 240%. The Company's capital position as at 31 December 2019 is detailed below:

Solvency Ratio	Unaudited 2019	Unaudited 2018
	£'000	£'000
Available own funds to meet the solvency capital requirement	147,864	157,957
Available own funds to meet the minimum capital requirement	146,050	157,487
Solvency capital requirement (SCR)	59,395	36,008
Minimum capital requirement (MCR)	14,849	10,847
Ratio of Eligible own funds to the solvency capital requirement	248%	439%
Ratio of Eligible own funds to the minimum capital requirement	983%	1,452%

E.3 Any Other Information

The Company does not use an internal model to calculate the Solvency Capital Requirement.

There was no breach of the Solvency Capital Requirement (and hence the Minimum Capital Requirement) over the reporting period.

ANNEX - QUANTITATIVE REPORTING TEMPLATES

The following templates form part of the published SFCR report.

Templates

S.02.01.02	Balance Sheet
S.05.01.02	Premiums, claims and expenses by line of business -life
S.05.01.02	Premiums, claims and expenses by line of business – non-life
S.12.01.02	Life and Health SLT Technical Provisions
S.17.01.02	Non-Life Technical Provisions
S.19.01.21	Non-life insurance claims
S.23.01.01	Own funds
S.25.01.21	Solvency Capital Requirement - for undertakings on Standard Formula
S.28.02.01	Minimum Capital Requirement - Both life and non-life insurance activity

These templates are un-audited.