RenaissanceRe (UK) Limited
5th Floor, 20 Fenchurch Street
London, EC3M 3BY
United Kingdom
Tel: +44 (0)20 7397 4000
Fax: +44 (0)20 7397 4040
www.renre.com

RenaissanceRe (UK) Limited

Solvency and Financial Condition Report

Year ended 31 December 2019

Company Reg No: 2553288, VAT No. 216 7724 03
Incorporated in England and Wales
Authorised and regulated by the Prudential Regulation Authority and the Financial Conduct Authority

Note on forward-looking statements

This Solvency Financial Condition Report ("SFCR") for the year ended December 31, 2019 of RenaissanceRe (UK) Limited contains forward-looking statements. Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which, with respect to future business decisions, are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, us. In particular, statements using words such as "may", "should", "estimate", "expect", "anticipate", "intend", "believe", "predict", "potential", or words of similar import generally involve forward-looking statements. For example, we may include certain forward-looking statements in the discussion and analysis of our financial condition and results of operations with regard to trends in results, prices, volumes, operations, investment results, margins, combined ratios, fees, reserves, market conditions, risk management and exchange rates. This SFCR also contains forward-looking statements with respect to our business and industry, such as those in relation to our strategy and management objectives, market standing and product volumes, competition and new entrants in our industry, industry capital, insured losses and regulatory matters affecting the reinsurance and insurance industries.

The inclusion of forward-looking statements in this report should not be considered as a representation by us or any other person that our current objectives or plans will be achieved. Numerous factors could cause our actual results to differ materially from those addressed by the forward-looking statements, including the following:

- the effectiveness of our claims and claim expense reserving process;
- our ability to maintain our financial strength ratings;
- the effect of climate change on our business;
- adverse tax developments, including potential changes to the taxation of inter-company or related party transactions;
- the effect of emerging claims and coverage issues;
- continued soft reinsurance underwriting market conditions;
- our exposure to credit loss from counterparties in the normal course of business;
- the effect of continued challenging economic conditions throughout the world;
- the performance of our investment portfolio;
- losses we could face from terrorism, political unrest or war;
- the effect of cybersecurity risks, including technology breaches or failure, on our business;
- our ability to successfully implement our business strategies and initiatives;

- our ability to retain our key senior officers and to attract or retain the senior management and employees necessary to manage our business;
- our ability to determine the impairments taken on our investments;
- the availability of retrocessional reinsurance on acceptable terms;
- the effects of Brexit;
- the impact of Covid-19.

Summary

This SFCR is for RenaissanceRe (UK) Limited for the year ended 31 December 2019. The SFCR is prepared in accordance with the financial reporting provisions of the Prudential Regulation Authority ("PRA") Rules and Solvency II regulations on which they are based. It is a publicly disclosed report submitted to the PRA on an annual basis and covers the business and performance of the Company, its system of governance, risk profile, valuation for solvency purposes and capital management.

It is noted that on 22nd March 2019, the Company (formerly known as Tokio Millennium Re UK Limited) (the "Company") was acquired by RenaissanceRe Specialty Holdings (UK) Limited ("RenaissanceRe") and the firm was subsequently re-named "RenaissanceRe (UK) Limited". The Company is ultimately owned by RenaissanceRe Holdings Ltd ("RRHL"), a Bermuda-domiciled holding company; the Bermuda Monetary Authority is designated as the group supervisor of the RenaissanceRe Group.

It is further noted that on 4th February 2020, a Sale & Purchase Agreement was entered into with AXA Liabilities Managers to sell the Company in 2020. Subject to regulatory approval, the transaction is expected to complete in Q2/Q3 2020.

Business and External Environment

As at 31 December 2019, the Company was a wholly owned subsidiary of RenaissanceRe. The ultimate parent company was RenaissanceRe Holdings Ltd., a company incorporated in Bermuda.

The Company was placed into run-off with effect from 1 July 2015 from which date all new and renewal business was written by the UK Branch of its affiliate, Tokio Millennium Re AG ("TMR AG"), which was authorised by the PRA/FCA on 8 April 2015. TMR AG was re-named as RenaissanceRe Europe AG as it was acquired by RenaissanceRe at the same time as the Company.

At 31 December 2019, the decision had been taken by RenaissanceRe senior management to sell the Company as a legal entity to a third party.

The Company continued its run-off during 2019 and there were no material changes to the business during the year. The Company produces its financial statements in accordance with UK GAAP. On a UK GAAP basis, the Company generated a post-tax profit of GBP14.3 million and the total equity of the Company grew by GBP14.3 million from GBP206.7 million at 31 December 2018 to GBP221.0 million at the end of the financial year 31 December 2019.

With the Company being in run-off, lines of business with a longer claims payment tail (being United Kingdom policies) continue to make up a greater proportion of Technical Provisions. At 31 December 2019, non-proportional casualty reinsurance policies (which includes non-proportional motor vehicle liability insurance) and proportional motor vehicle liability insurance accounted for 66% of Technical Provisions (Appendix S.17.01).

System of Governance

The Company maintains a Management Responsibilities Map ("MRM") as required by the Senior Managers and Certification Regime ("S&CMR") that shows the responsibilities of individuals for the systems of internal control of the Company and the holders of specific responsibilities detailed by SM&CR. The Board of Directors of the Company (the "Board") were satisfied that during the course of 2019 the system of governance as set out in the MRM was adequate and appropriate for the Company, taking into account the nature, scale and complexity of the risks inherent in the business of a run-off company.

During 2019, there were no material changes to the Company's system of governance, notwithstanding changes to senior management and the Board brought about by the change in control. This topic is described in more detail in the main body of this SFCR.

Risk Profile

The Company's risks comprise underwriting, market, credit and operational risk. Across these categories, emerging threats are identified and evaluated.

At 31 December 2019, the Company's most significant risk is underwriting risk. As a result of being in run-off, the Company is not exposed to significant premium and catastrophe risk, however, it is exposed to reserve risk and as such maintains a significant focus on setting accurate reserves, which are subject to robust challenge by the business through the Reserve Committee and Audit Committee on a quarterly basis. The Company also undertakes an annual independent external reserve review on both UK GAAP and Solvency II bases, which are reviewed by the Reserve Committee, Audit Committee and the Board.

The most significant risks to the Company are all captured under the Solvency II Standard Formula stress tests used to determine the Solvency Capital Requirement ("SCR"). The profile of the Company's main risks is shown by the components of the SCR as at 31 December 2019 in Section E2.2 of this SFCR.

Valuation for Solvency Purposes

In accordance with Article 75 of the Solvency II Directive, the Company's assets and liabilities other than the Technical Provisions are measured in accordance with principles of an arm's length transaction between knowledgeable willing parties using consistent valuation methods.

Capital Management

The capital management objective is to ensure that the Company has sufficient Own Funds to cover the SCR and MCR with an appropriate buffer.

The solvency position at 31 December 2019 and prior year end 31 December 2018 are as follows:

Solvency Ratio (GBP'000)	**2019**	**2018**
Own Funds	194,179	179,618
Minimum Capital Requirement ("MCR")	19,742	23,405
Solvency Capital Requirement ("SCR")	69,594	78,543
SCR Surplus	**124,585**	**101,075**
Ratio (%) (Own Funds / SCR)	**279%**	**229%**

Impact of COVID-19

At the time of writing this report the COVID-19 global pandemic is presenting an evolving threat to financial markets and the global economy, the full implications of which are unknown. RRUKL, along with the broader RenRe group is confronting the operational challenges posed by the spread of the COVID-19 virus as well as beginning the process of underwriting loss estimation and the impact of market turmoil on its balance sheet. This is explained in more detail in Section A below.

A. Business and External Environment

A1.1 Name and legal form of the undertaking

The Company is incorporated in the United Kingdom and is a private company limited by shares. The address of the registered office is:

18th Floor
125 Old Broad Street
London
EC2N 1AR

Registered Number: 02553288

This SFCR covers the Company on a solo basis only.

The Company is authorised by the PRA, 20 Moorgate, London EC2R 8AH and regulated by the PRA and the Financial Conduct Authority ("FCA"), 25 The North Colonnade, E14 5HS.

The external auditors for the Company for the year ended 31 December 2019 were Ernst & Young LLP, 1 More London Riverside, London SE1 2AF .

A1.2 Business Strategy

The Company has been in run-off since 1 July 2015 from which date all new and renewal business was written by the UK Branch of its affiliate, RenaissanceRe Europe AG ("RREAG"). The Company applied to remove the "effecting contracts of insurance" permission on the basis that it had ceased to write new and renewal reinsurance business as of 30 June 2015. Formal approval by the PRA of the Company's Variation of Permission request was granted on 5 April 2016.

With the Company being in run-off, lines of business with a longer claims payment tail (being United Kingdom policies) make up an increasing proportion of Technical Provisions. At 31 December 2019, non-proportional casualty reinsurance policies (which includes non-proportional motor vehicle liability insurance) and proportional motor vehicle liability insurance accounted for 66% of Technical Provisions (Appendix S.17.01).

The Company ceased writing D&F business from 31 December 2010, when the D&F underwriting team moved to the Company's then affiliate, Tokio Marine Kiln Syndicates Limited ("TMK") Syndicate 1880. The portfolio included property and engineering risks written on a D&F basis located in UK, Europe, Africa, the Middle East, South America, Asia, Canada and the US as well as risks with worldwide coverage. The property element of the portfolio has completely run off. From 1 January 2012, the Company purchased "run-off" cover from TMK Syndicate 1880 to protect the Company against any losses occurring on or after that date within the engineering element of the D&F portfolio.

The Company's run-off plan was communicated to the PRA in the form of a Scheme of Operations in line with regulatory requirements. The Scheme was originally submitted on 30 December 2014 with

updates on 28 January 2016 and 19 July 2017 and one option under consideration was to effect a Part VII transfer of the business, with an alternative being the sale of the Company.

From a Brexit perspective, the Company's timetable for any disposal was to have completed the process by 31 December 2020, the end date of the implementation period agreed between the UK Government and the EU27. The Company has minimal business with EU exposure but in response to the possibility of there being no arrangements agreed for service continuity for existing contracts at the end of the implementation period, a mitigation plan was put in place and shared with the PRA. At the request of the PRA, this plan has been shared with relevant EU regulatory bodies and discussions with them have confirmed the plan to be broadly appropriate to ensure service continuity going forward.

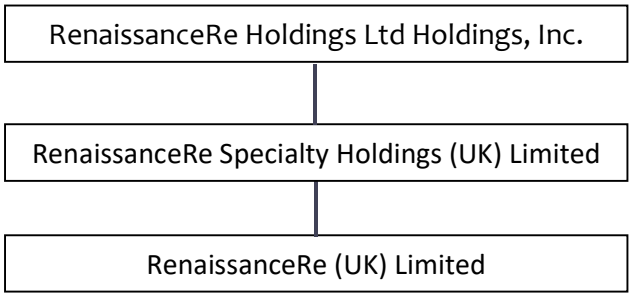
With effect from 4th February 2020, a Sale & Purchase Agreement has been in place with AXA Liabilities Managers to sell the Company in 2020. The decision to sell the Company as a legal entity to a third party provider was taken by RenaissanceRe senior management following discussions that were ongoing during 2019. A change in control application has been submitted to the PRA and, subject to regulatory approval, the transaction is expected to complete in Q2/Q3 2020.

A1.3 Material Subsidiaries

As at 31 December 2019, the Company had no material subsidiaries.

A1.4 Legal Structure

As at 31st December 2019, the Company was 100% owned by RenaissanceRe, which in turn is a wholly owned subsidiary of RRHL.



A1.5 Business Performance 2019

The Company produces its financial statements in accordance with UK GAAP. On a UK GAAP basis, the Company generated a post-tax profit of GBP14.3 million (2018: post-tax profit GBP2.1 million) during the financial year. Net assets stood at GBP221.0 million (2018: GBP206.6 million) at the end of the financial year.

RenaissanceRe

A.2 Performance from Underwriting Activities

A.2.1 Underwriting Performance

The Company ceased to write business on 30 June 2015. All underwriting activity since that date has been in respect of the run-off of the business. The negative written premium, which was less material during 2019 arises due to adjustments to prior underwriting year estimated premium income.

The figures below detail the underwriting performance by lines of business for the year ended 31 December 2019 and are reported in QRT S.05.01.

		2019			
Solvency II line of business (GBP'000)		**Net Written Premium**	**Net Earned Premium**	**Net Claims Incurred**	**Expenses Incurred**
Direct business and accepted proportional reinsurance	Medical expense insurance	-	-	(897)	36
	Motor vehicle liability insurance	(104)	(104)	1,581	2,142
	Marine, aviation and transport insurance	340	340	(1,192)	(21)
	Fire and other damage to property insurance	(546)	(546)	420	(534)
	General liability insurance	(22)	(22)	3,056	(417)
	Miscellaneous financial loss	483	839	(5,206)	2,658
Subtotal direct business and accepted proportional reinsurance		**151**	**507**	**(2,238)**	**3,864**
Accepted non-proportional reinsurance	Non-proportional health reinsurance	-	-	2	-
	Non-proportional casualty reinsurance	(641)	(641)	539	430
	Non-proportional marine, aviation and transport reinsurance	(7)	(8)	(926)	(15)
	Non-proportional property reinsurance	63	94	(58)	17
Subtotal accepted non-proportional reinsurance		**(585)**	**(555)**	**(443)**	**432**
Total non-life obligation		**(434)**	**(48)**	**(2,681)**	**4,296**

The figures below detail the underwriting performance by lines of business for the year ended 31 December 2018 and are reported in QRT S.05.01.

		2018			
Solvency II line of business (GBP'000)		**Net Written Premium**	**Net Earned Premium**	**Net Claims Incurred**	**Expenses Incurred**
Direct business and accepted proportional reinsurance	Medical expense insurance	(26)	(26)	912	(13)
	Motor vehicle liability insurance	77	77	(7,643)	4,113
	Marine, aviation and transport insurance	(2,602)	(2,602)	3,428	(475)
	Fire and other damage to property insurance	(3,811)	(3,767)	(346)	(533)
	General liability insurance	(580)	(580)	3,976	(317)
	Miscellaneous financial loss	4	1,520	4,124	(716)
Subtotal direct business and accepted proportional reinsurance		**(6,938)**	**(5,378)**	**4,451**	**2,059**
Accepted non-proportional reinsurance	Non-proportional health reinsurance	(14)	(14)	3	(5)
	Non-proportional casualty reinsurance	(1,030)	(1,030)	(13,319)	158
	Non-proportional marine, aviation and transport reinsurance	2	2	(595)	(50)
	Non-proportional property reinsurance	(160)	(129)	(469)	56
Subtotal accepted non-proportional reinsurance		**(1,202)**	**(1,171)**	**(14,380)**	**159**
Total non-life obligation		**(8,140)**	**(6,549)**	**(9,929)**	**2,218**

A.2.2 Underwriting performance by geographical area

The table below shows the underwriting performance by geographical areas with the largest gross written premium in the year ended 31 December 2019. Note that all written premiums are due to

changes in premium estimates, rather than relating to newly written business, as the Company has been in run off since mid-2015. Note also that the SFCR requirement is to show the business written in the home country and largest five overseas countries by gross written premium. Further detail is shown in Appendix S.05.02.

The table below shows the underwriting performance by geographical areas with the largest gross written premium in the year ended 31 December 2019.

	2019						
Income Statement Description (GBP'000)	**United Kingdom**	**China**	**Algeria**	**Egypt**	**Qatar**	**Italy**	**Total**
Net Written Premium	346	617	92	34	21	10	1,120
Net Earned Premium	727	617	9	34	2	10	1,399
Net Claims Incurred	(4,452)	126	(382)	533	(18)	78	(4,115)
Expenses Incurred	979	40	1	11	4	1	1,036

A.3 Performance from Investment Activities

The table below shows the performance from investment activities for the year ended 31 December 2019.

	2019			
Asset Class	**Interest/coupon Income**	**Realised gains/(losses)**	**Unrealised gains/(losses)**	**Total**
	GBP'000	GBP'000	GBP'000	GBP'000
Government Bonds	3,611	6,503	1,251	11,365
Corporate Bonds and similar fixed income products	3,381	4,092	818	8,291
Collective Investment Undertakings	231	9	-	240
Cash Deposits	19	-	-	19
Total	**7,242**	**10,604**	**2,069**	**19,915**

The table below shows the performance from investment activities for the year ended 31 December 2018.

	2018			
Asset Class (GBP'000)	**Interest/coupon Income**	**Realised gains/(losses)**	**Unrealised gains/(losses)**	**Total**
Government Bonds	3,313	(2,680)	(464)	169
Corporate Bonds and similar fixed income products	2,735	(1,200)	(208)	1,327
Collective Investment Undertakings	258	-	-	258
Cash Deposits	245	-	-	245
Total	**6,551**	**(3,880)**	**(672)**	**1,999**

Investment costs for the year ended 31 December 2019 were GBP0.3 million (GBP0.3 million for prior year ended 31 December 2018).

The Company does not hold investments in securitised assets.

A.4 Other Operating Income and Expenses

Due to the deterioration of GBP in the year (primarily against USD and EUR), the Company recognised GBP0.7 million of foreign exchange loss in the year ended 31 December 2019 (GBP0.6 million foreign exchange loss for prior year ended 31 December 2018).

The Company had no other material income or expenses in the year ended 31 December 2019.

A.5 Any Other Information

A.5.1 Impact of Covid-19

In view of the ongoing Covid-19 global pandemic, the Company has reviewed the impact on its balance sheet and own funds at Q1 2020 to ascertain whether there was any material difference to the YE2019 position as reported in the YE financial statement and this SFCR requiring disclosure.

Consideration was given to the risk areas that the pandemic could impact. The potential underwriting and market losses have been assessed as immaterial and the Company remains of the view that the Company is a going concern. The main factors in coming to this conclusion are as follows:

As at year-end 2019, RRUKL has £221.0 million of shareholders' funds. As such the Company is heavily capitalised and well positioned to absorb any potential losses arising from the COVID 19 pandemic.

The potential underwriting losses for RRUKL are less significant due to the company being in run-off with little remaining underwriting exposure.

On a Solvency II basis, for the year ended 31 December 2019, the Company has estimated Own Funds of £194.2 million.

The investment portfolio is heavily weighted towards high credit quality, short duration government bonds. The investment portfolio had a market value of £346.1 million at 31 December 2019. The recent market volatility has not had a significant impact on the portfolio and given the composition of the portfolio, it is not anticipated the Covid-19 pandemic will negatively impact the asset side of the balance sheet therefore will not impair the Company's ability to pay losses as required.

The Company has considered the impact to liquidity as a result of Covid-19. Liquidity has been assessed with a focus on two key areas (1) The liquidity of the investment/cash assets required to meet its obligations (2) The expected inflows/outflows over the period of 1 to 2 years.

The investment and cash portfolio totals £370.2 million at 31 December 2019. Of this total, £259.4 million matures within one year and £291.5 million in two years.

B. System of Governance

B.1 General Governance Arrangements

Throughout 2019, the Company maintained a Management Responsibilities Map ("MRM") as required by the SM&CR that showed the responsibilities of individuals for the systems of internal control of the Company and the holders of prescribed responsibilities detailed by the SM&CR.

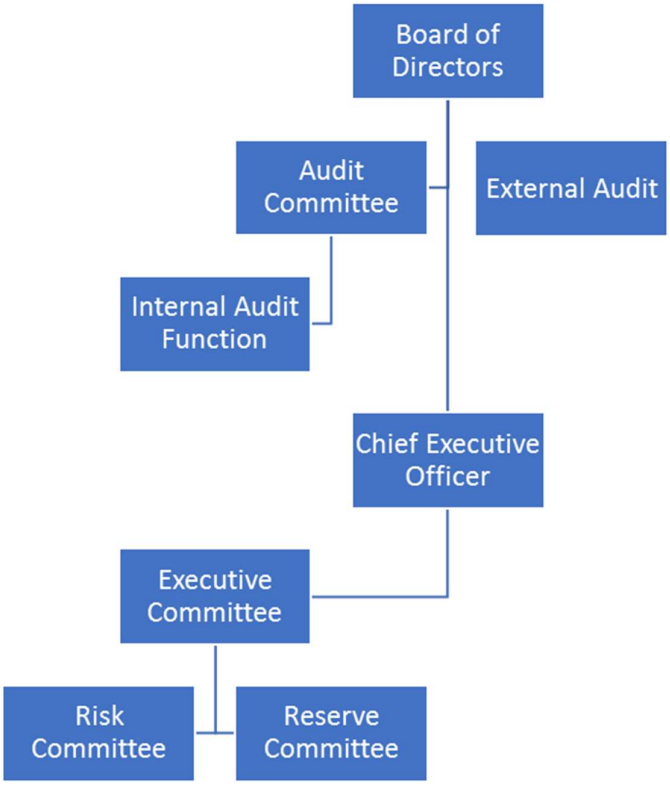
The Board are satisfied that the system of governance as set out in the MRM is adequate and appropriate for the Company. The risk management and actuarial teams are well-resourced with experienced, appropriately-qualified practitioners and their work feeds into the Risk Committee and Reserve Committee but with the appropriate degree of independence, i.e. the chair of the Reserve Committee is the Chief Financial Officer ("CFO") and the chair of the Risk Committee is the Chief Risk Officer ("CRO"). Members of the actuarial team attend the Reserve Committee meetings. Compliance attends all meetings to provide oversight from a legal and regulatory perspective. All meeting minutes, including decisions made, are provided to the Audit Committee and each function provides a detailed report to the quarterly meetings of the Audit Committee and Board.

Similarly, the Internal Audit function provides independent oversight and assurance over the work done by the other key functions and reports to the quarterly Audit Committee and Board meetings.

The Board of Directors

The Board is the governing body for the activities of the Company. The Board is responsible for the direction and management of the business of the Company in the fulfilment of its business strategy in run off, any applicable legislation and regulation and oversight of the Company's policies, principles and values.

B.1.1 Structure of Governance Arrangements



The system of governance is considered to be appropriate for the Company, taking into account the nature, scale and complexity of the risks inherent in the business of a run-off company.

Further details on each of these committees can be found below.

Board of Directors

The responsibilities of the Board in managing the business and affairs of the Company are set out in its Memorandum and Articles of Association. The principal responsibilities are:

1. Approving the strategy, plans and budgets of the Company;
2. Ensuring that the Company has adequate systems of internal control and reporting;
3. Ensuring the Company has effective risk management policies and procedures; and
4. Ensuring compliance with regulatory requirements.

As at 31 December 2019, the Board consisted of two Non-Executive Directors and one Executive Director:

- David John Finch (Head of Audit Committee)
- Richard John Murphy (Chairman)

- Hugh Richard Timothy Brennan (Chief Executive Officer or "CEO")

Audit Committee

The Audit Committee is a sub-committee of the Board.

The Audit Committee's objectives are to:

1. Ensure the integrity of the financial statements of the Company;
2. Ensure the internal audit function operates effectively; and
3. Ensure the risk management function operates effectively.

Executive Committee

The Executive Committee is a sub-committee of the Board, chaired by the CEO and has the following objectives:

1. Assist the CEO in delivering the corporate goals, strategies and plans;
2. Oversee day to day management of business operations;
3. Implement projects assigned by the CEO and Board;
4. Carry out responsibilities delegated in approved policies and procedures; and
5. Oversee sub committees.

Risk Committee

The Risk Committee's objectives are to advise the Executive Committee and report to the Audit Committee on risk management and to encourage a culture within the Company that emphasises and demonstrates the benefits of Risk Management for the Company and promotes continuing development and refinement of the Company's risk management policy and framework. (More details on the Risk Committee can be found in section B.3.2)

Reserve Committee

The primary goals of the Reserve Committee are to oversee the determination of the reserves held by the Company on a consolidated basis, to oversee, review and challenge the Company's assumptions and methodology for developing the estimate of reserves, to oversee and review the Company's actuarial reserving policy and to oversee the development of the Company's strategy for managing claims.

B.1.2 Changes to the Governance Structure during the year

There were no material changes to the governance structure during the 2019 financial year. All staff falling within the certification regime were certified by 10 December 2019.

B.1.3 Remuneration Policies

The Company's Compensation Policy applies to all of the Company's employees who have an employment contract with the Company. The purpose of this policy is to ensure that compensation practice:

- Reflects the risk strategy, profile and management practices;
- Remains aligned with the Company's long-term business objectives, plan and strategy;
- Promotes the Company's culture and values;
- Attracts, retains and motivates competent, experienced and skilled employees;
- Minimizes the risk of inappropriate behaviour; and
- Serves the best interests of the Company, its parent company and clients.

Remuneration does not give incentives to reward short-term profits and is aligned to appropriate time horizons.

Remuneration is based on two elements: fixed compensation and a variable component related to the performance of the Company and the individual.

Individual performance will be measured at least annually in a formal performance assessment process and will take into account how far the employee has implemented core competencies and effective risk management practices.

The performance criteria do not encourage unauthorised or unwanted risk-taking that exceeds the level of tolerated risk.

B.1.3.1 Variable remuneration

The Company may at its discretion offer the opportunity for variable remuneration, by way of bonus or incentive schemes. All bonus schemes are discretionary. Employees are not overly dependent on variable components. Variable remuneration and salary reviews are based on a combination of the assessment of the individual's performance and the performance of the Company.

There are no specific arrangements for supplementary pension or early retirement schemes for senior management.

B.2 Fit and Proper

B.2.1 Policies and Processes

The Company has put in place a Fitness and Propriety Policy which outlines what the Company and its 'in-scope' staff need to do in order to meet Fit and Proper Standards For these purposes, 'in-scope' staff include Senior Managers, Certification function staff and Non-executive directors.

According to these guidelines, the Company has implemented appropriate and regular assessments to ensure that the Relevant Employees meet the following requirements both at appointment and on an on-going basis.

B.2.1.1 Fitness Requirements

All Relevant Employees must possess the professional qualification, knowledge and experience which are appropriate and adequate to hold all the roles they are in charge of and appropriate experience about the following topics:

Market knowledge

Awareness and understanding of the wider relevant business, economic and market environment in which the Company is operating and an awareness of the level of knowledge of and needs of customers.

Business strategy and business model

Understanding of the Company's business strategy and model.

System of governance

Awareness and understanding of the risks that the Company is facing and the capability to manage them. Furthermore, it includes the ability to assess the effectiveness of the undertaking's arrangements to deliver effective governance, oversight and controls in the business and, if necessary, oversee changes in these areas.

Actuarial and financial analysis

The ability to interpret the Company's actuarial and financial information, identify and assess key issues, and take any necessary measures (including appropriate controls) based on this information.

Regulatory framework and requirements

Awareness and understanding of the regulatory framework in which the Company operates, in terms of both the regulatory requirements and expectations, and the capacity to adapt to changes in the regulatory framework without delay.

Furthermore, appointment of each Relevant Employee is required to be notified to the PRA and FCA, through a formal process, including an assessment of the fitness and propriety of each person. The process also includes an annual declaration of adherence to the current Fit and Proper requirements and commitment to give immediate notice of any notifiable events which are relevant in this respect together with quarterly assessments conducted by the Executive Committee and the Head of the Audit Committee and reported to the Audit Committee and Board.

B2.1.2 Propriety Requirements

The Company evaluates whether Relevant Employees are "proper" to perform the roles and responsibilities assigned to them. Personal reliability and good reputation are prerequisites to be eligible for and hold relevant roles within the Company.

The assessment of whether the Relevant Employees are proper includes an assessment of their honesty based on the evidence regarding their character, personal behaviour and business conduct.

The professional integrity of Relevant Employees is assessed on the basis of the following evidence:

a) Criminal convictions within the United Kingdom and elsewhere;

b) Negative assessments by the competent supervisory authorities stating the inadequacy of the person to hold the relevant office; and

c) Serious disciplinary or administrative measures applied as a consequence of willful misconduct or gross negligence, also related to relevant breaches of the Company's Code of Conduct.

Criminal convictions and disciplinary measures are assessed in relation to legislation and UK regulation on varying laws including, banking, financial securities, or insurance activity, not limited to laws on money laundering, market manipulation, or insider dealing and usury as well as offences of dishonesty such as fraud or financial crime. They also include any other serious criminal offences under legislation relating to companies, bankruptcy, insolvency or consumer protection.

B.3 Risk Management System

B.3.1 Risk Strategy and Policies

As a company in run-off there is a greater focus on effective and efficient capital management to ensure that the run-off of the Company is successful. The capital requirements under Solvency II are monitored closely. The Company continues to ensure that all risks are properly identified, assessed and quantified, aiding the understanding of potential upside and downside factors, which can affect the results.

The Company's risk strategy comprises the risk objectives as described in the Risk Management Policy, and the strategy for how they will be implemented.

The risk appetite, risk tolerance levels and risk limits are defined in the Risk Management Policy.

The risk appetite represents the Company's overall philosophy to risk taking in line with its objectives and the expectations of its stakeholders including, but not limited to, parent company, policyholders, regulators, directors and employees. All risks will be expected to reduce overall as the Technical Provisions decrease in absolute terms. It is expected that reserving risk will continue to increase as a proportion of economic capital.

As at 31 December 2019, the Company operated under an enterprise risk management ("ERM") framework that was developed by the company prior to it being acquired by RenaissanceRe and has not been aligned with RenaissanceRe ERM practices as it has always been planned that the company will be divested of either by transfer the liabilities to another Group company before winding up, or by selling the company to a buyer outside of the Group.

ERM is the capability to protect and/or enhance enterprise value by managing risk in a coordinated and systematic approach which encompasses all risk types. It is the process by which the Company identifies, assesses controls, manages, exploits, finances and monitors its significant risks from all sources to enhance shareholder value.

Risk management, which begins at the individual business area level, is a process of identifying, quantifying, analysing, exploiting, monitoring, mitigating, reviewing and reporting of risks which may threaten and/or enhance the value, existence, reputation, people or assets of the Company or the

services that the Company provided to the market. A key component of risk management is the process of ensuring that risk controls maintain a net risk retention profile that is within the Company's stated risk appetite and supports its stated business objectives.

The purpose of risk management at the Company is twofold. The first is to ensure that risks are identified and that their potential to cause loss or generate profit is understood, and that action is taken to reduce and/or increase the likelihood of their occurrence or reduce/increase their impact to the organisation based on that information. The second purpose is to ensure that the appropriate level of capital is held to cover the potential impact of risk from all sources.

B.3.2 Risk Management Function

The Risk Management Function in the Company facilitates and co-ordinates the implementation of the Risk Management policy and ERM framework within the Company.

It facilitates the implementation of the risk management procedures and processes by supporting employees, risk owners and management to identify, assess, evaluate and monitor risks, including facilitation of regular risk reviews.

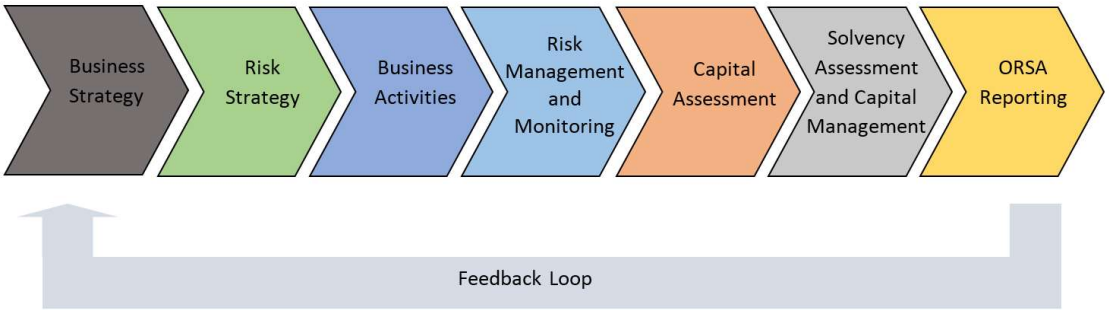
Led by the CRO who is responsible for the activities and deliverables of the Risk Management Function, the Risk Management Function will:

- Regularly evaluate the design and operational effectiveness of the risk management framework based on the risk profile of the Company;
- Maintain and monitor the risk register;
- Develop and maintain the risk policies;
- Report risk exposures to the Board, Risk Committee and Head Office and advise management on the risk aspects of strategic affairs;
- Identify and assess emerging risks;
- Liaise across company to collate data for production of risk management information, including producing statistics and summaries for risk owners and management;
- Perform analyses and produce summaries for management to assist testing of the appropriateness of the business plan, including stress testing and reverse stress testing; and
- Co-operate closely and share information with the actuarial function.

B.4 ORSA

B.4.1 ORSA Integration

The Own Risk and Solvency Assessment ("ORSA") was produced for the Board and Audit Committee and summarised the Company's own assessment of risks and associated economic capital needs. The diagram below shows the ORSA process and feedback loop.



B.4.2 ORSA Processes

B.4.2.1 Business Strategy

Please refer to Section A1.2 above.

B.4.2.2 Risk Strategy

Please refer to Section B.3.1 above.

B.4.2.3 Risk Management and Monitoring

Using a number of sources (e.g. audit reports, Risk Committee input), risks are identified which may have a material effect on the business. All risks identified are fully reviewed by the Risk Committee annually, with quarterly update reviews. Emerging risks are actively researched by the Risk Management department, as documented in the Emerging Risk Procedures. All risks are recorded in the Risk Register.

Risk owners assess the likelihood of occurrence and impact of the risk at an inherent level. The ratings are recorded in the Company's risk register, and any change in the ratings proposed by the risk owners are submitted to the Risk Committee for review. Controls are identified to manage the risks. Risk owners consider the existing controls in place, and modify, remove or add additional controls depending on their assessment. This includes consideration of the results of:

- Day-to-day operational monitoring
- Audits (internal, external, parent company)
- Regulator Audit (Periodic Summary Meeting and/or Solvency II review)

The risks are reassessed on a residual basis after application of the controls, using the same criteria.

Risk assessment also includes the use of quantitative techniques including validation using techniques such as stress and scenario testing.

Risks are monitored to ensure that the risk profile falls within the risk appetite, tolerance and limits of the Company.

For risks requiring additional control or risk mitigation, an appropriate strategy shall be selected, incorporating a plan for risk exploitation, reduction, transfer, sharing or elimination.

B.4.2.4 Solvency Assessment and Capital Management

B.4.2.4.1 Capital & Liquidity planning

Capital and Liquidity planning includes a forward-looking assessment of the business plans, economic balance sheet and profit and loss account. These are used to project future SCRs and Own Funds, which are tested, e.g. using scenarios and stress testing. The results are documented in the ORSA report, which is reviewed by the Risk Committee and Board on a quarterly basis.

B.4.2.4.2 Business Plan

The Company prepares an annual business plan, which is approved by the Company's Board. The Company monitors its performance and any material movements are reported to the Board quarterly.

B.4.2.4.3 Contingency Plan

Contingency plans, in the event that the capital available is insufficient to meet the Company's commitments under adverse conditions, will be reviewed at least on an annual basis and documented in the annual ORSA report. This includes consideration of the reinsurance purchasing strategy.

B.4.2.5 Reporting

The results of the ORSA processes are reported in the formal ORSA report provided to the Audit Committee and Board each year. The full report is produced and presented to the Board on an annual basis, with a quarterly summary report of significant changes. The Board formally approves the annual ORSA, with quarterly update reports reviewed by management and the Board. The annual ORSA report is also provided to the PRA.

Feedback on the ORSA report is provided in the form of meeting minutes (e.g. Board, Audit Committee, Risk Committee).

B.5 Internal Control Systems

B.5.1 Overview

The aim of the Company's Internal Control System ("ICS") is a harmonized, comprehensive approach to risk control across all risk types with no overlaps and no gaps. The ICS focuses on an effective identification, analysis and assessment, control, reporting and monitoring of all significant risks.

As defined in the Company's Risk Management Policy, all risks are managed as part of the ERM framework described above.

All of the Company's identified risks are collected in a Risk Register and reviewed quarterly by the Company's Risk Committee.

The Board of Directors has ultimate responsibility for the governance, and hence risk management of the Company. The Board, with the support of the Audit Committee, utilizes the three lines of defence to carry out this responsibility.

The ICS is based on the "three lines of defence" approach:

First Line of Defence: Operational Management

At the first line of defence, operational managers (i.e. managers/heads of each team) own and manage risks. They are also responsible for implementing corrective actions to address process and control deficiencies.

The operations include front office functions, as well as middle and back office functions such as Claims, Human Resources, Pricing, IT and Financial Reporting.

Operational management is responsible for maintaining effective internal controls and for executing risk and control procedures on a day-to-day basis. Operational management identifies, assesses, controls, and mitigates risks, guiding the development and implementation of internal policies and procedures and ensuring that activities are consistent with goals and objectives. Operational management would work within their teams to delegate responsibility to design and implement and maintain detailed procedures that serve as controls and supervise execution of those procedures by their employees.

Operational management naturally serves as the first line of defence because controls are designed into systems and processes under the guidance of operational management. There should be adequate managerial and supervisory controls in place to ensure compliance and to highlight control breakdown, inadequate processes, and unexpected events.

Second Line of Defence: Risk Management and Compliance Functions

The Board and senior management have established various risk management and compliance functions to support the building and monitoring of the first line of defence risks and controls.

The ERM function facilitates and monitors the implementation of effective risk management practices by operational management and works with risk owners in defining the risk appetite and reporting adequate risk-related information throughout the Company. The approach taken is set out in the Risk Management Policy.

The Compliance function develops and maintains a framework for ensuring ongoing compliance with, and monitoring of non-compliance with applicable laws and regulations, and in this capacity, reports directly to senior management and to the Board of Directors. This function therefore carries out various risk management practices around certain risks and controls, independent of the first line of defence.

The CFO monitors financial risks and financial reporting issues.

Third Line of Defence: Internal and External Audit

The Internal Audit Function is the principal means by which the Company's senior management gains assurance around the robustness of its governance arrangements and systems of controls. This is described in more detail in the next section.

External Audit are also within the third line of defence, and provide an independent review of the Financial reporting processes and controls. External Audit are completely independent of internal functions including the Board and Audit Committee.

B.6 Internal Audit Function

B.6.1 Overview

The internal audit function of the Company operate in accordance with the Company's Internal Audit Charter. The Charter contains the following information on the roles of the internal auditor.

Internal auditors are authorised to:

- Have unrestricted access to all functions, records, property, and personnel relevant to a review;
- Have full and free access to the CEO and the Audit Committee;
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives; and
- Obtain the necessary assistance of personnel in units of the Company where they perform audits, as well as other specialised services from within or outside the Company.

Internal auditors are not authorised to:

- Perform any operational duties for the Company or its affiliates;
- Initiate or approve accounting transactions outside of the internal auditing function;
- Direct the activities of any Company employee, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors; or
- Have direct authority over, or responsibility for, any of the activities reviewed. Management retains full control over the implementation of Internal Audit recommendations.

Internal Audit provides the Board of Directors and senior management with assurance based on their independence and objectivity. Internal Audit reviews and provides assurance on the effectiveness of governance, risk management, and internal controls, including the manner in which the first and second lines of defence achieve risk management and control objectives. The scope of this assurance, which is reported to senior management and to the Audit Committee includes:

- A broad range of objectives, including effectiveness of controls within operations, safeguarding of assets, reliability and integrity of reporting processes, compliance with laws, regulations, policies, procedures. In addition, all elements of the risk management and internal control framework, which includes: internal control environment; all elements of an organization's risk management framework (i.e. risk identification, risk assessment, and response); information and communication; and monitoring;
- The overall entity, divisions, subsidiaries, operating units, and functions – including business processes, safety, customer functions and operations – as well as supporting functions (e.g., revenue and expenditure accounting, human resources, purchasing, payroll, budgeting, infrastructure and asset management, inventory, and information technology).

B.7 Actuarial Function

B.7.1 Overview

The actuarial function is led by the Chief Actuary, who is a qualified actuary, with the support of an actuarial team. The actuarial team are subject to professional standards set out by the Institute and Faculty of Actuaries ("IFoA") and the Financial Reporting Council. In addition, the Chief Actuary holds a Chief Actuary (non-life) practising certificate from the IFoA and also the roles of Chief Risk Officer ("SMF4") and Chief Actuary ("SMF20") under the SM&CR.

The actuarial function is kept free of external influence of the Board, performing all regulated tasks as set out in Solvency 2 Directive: Article 48 and Delegated Acts: Article 272. The actuarial team naturally conduct many other tasks throughout the year. Many of these tasks further the knowledge and involvement of the actuarial team allowing them to fulfil the role of actuarial function more effectively.

B.7.2 Actuarial Contribution to Risk Management

The actuarial function is required to contribute to the effective implementation of the risk management system of the Company, in particular with respect to the risk modelling underlying the calculation of the capital requirements.

The Chief Actuary and the CRO roles in the Company are performed by the same person. This naturally enables a high level of meaningful interaction between the actuarial function and the separate risk function. Risk management work is documented in a combined ORSA and risk management report ("ORSA report") which is produced annually with quarterly updates by the CRO. It is sent to the Executive Committee, Audit Committee and Board.

The Actuarial Function is responsible for the recommendation of the Technical Provisions to the Reserve Committee: this is a key part of the overall governance and risk management framework.

Two aspects of the Company's risk management process are materially dependent on the Technical Provisions work conducted by the Actuarial Function. These are the Standard Formula ("SF") calculation of the SCR as well as the assessment of Own Funds through a Solvency II balance sheet.

B.8 Outsourcing Policy

The Company recognises that outsourcing is a key element of its business and that there are associated risks. The Outsourcing Policy covers the Company's approach and processes for outsourcing from the inception to the end of the contract.

Outsourced functions, services and activities are subject to the ICS framework in the same way as internal activities from the inception to the end of each contract.

The way in which the requirements set out in the ICS framework are implemented in each area will vary depending on the type, size and complexity of the inherent risks.

B.8.1 Outsourced Functions

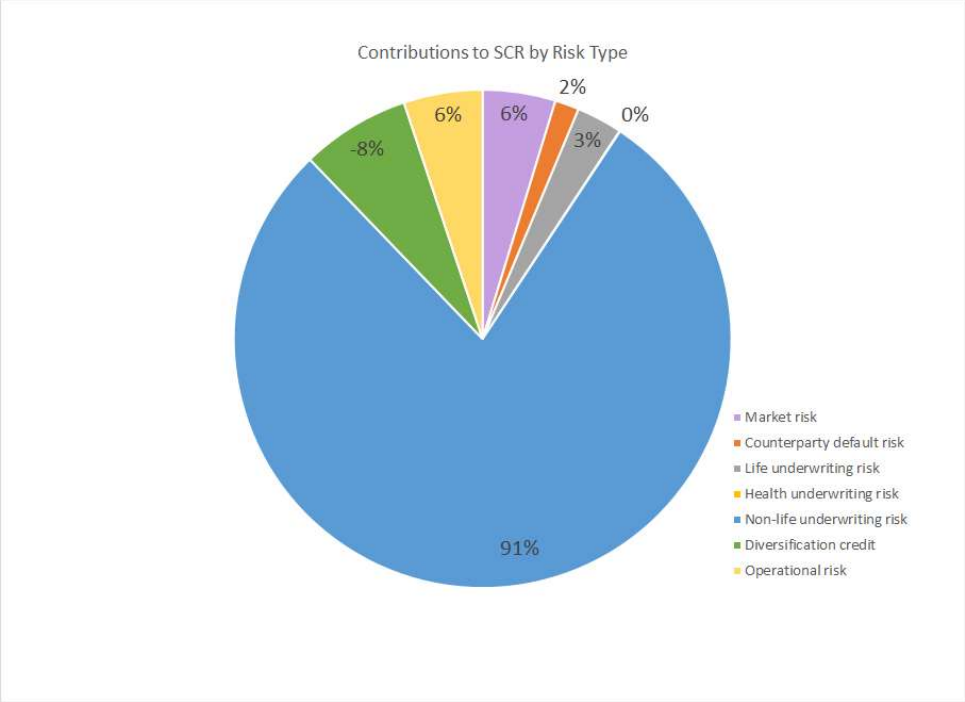
As at 31 December 2019, the Company had no outsourced key functions.

C. Risk Profile

Overview of Risk Profile for the Company

For a run-off company the main focus is on effective and efficient capital management to ensure that the run-off is successful.

The most significant risks to the Company are all captured under the Solvency II SF stress tests used to determine the SCR. The profile of the Company's main risks is shown by the components of the SCR as at 31 December 2019 in the chart below and in Section E2.2.



C1. Underwriting Risk

Underwriting risk refers to the uncertainties in the valuation of claims liabilities and related expenses. As a company closed to new business, the underwriting risk for the Company mostly relates to the valuation of reserves, i.e. reserve risk, which is the most significant risk faced by the Company. The Company has little remaining other underwriting risk, i.e. premium and catastrophe risks.

The Company maintains a significant focus on setting accurate reserves, which are subject to robust challenge by the business through the Reserve Committee and Audit Committee on a quarterly basis. The Company also commissions annual independent, external reserve reviews on both UK GAAP and Solvency II bases, which are reviewed by the Reserve Committee, Audit Committee and the Board.

The Company performs various validation exercises to assess the adequacy and level of prudence in its reserves, including monitoring the development of reserves from prior years.

Material exposures and risk concentrations

The Company's Technical Provisions are largely concentrated in motor, liability and political risks classes (60%, 19% and 9% of total respectively), which are also the most uncertain. The motor and liability classes have significant exposures to long-tailed injury claims, including periodical payment orders ("PPOs"). The political risks class of business with long policy periods is exposed to the global economic environment.

Risk Mitigation

Reserve risk is managed by monitoring compliance with the reserving policy by the Reserve Committee and the Audit Committee. The effectiveness of this is assessed by comparing the internal and external reserve reviews and by application of the Company's risk management framework, including the ORSA process, including quarterly monitoring and reporting of various risk measures against risk tolerances and limits.

C2. Market Risk

Market risk refers to the uncertainties arising from market movements a firm may be exposed to in relation to fluctuations in the value of its assets, the amount of its liabilities, or the income from its assets.

The market risks that the Company believes it is exposed to are recorded in the Risk Register, and include risks relating to:

- Changes in interest rates;
- Changes in the value of financial market instruments (such as Money Market Funds ("MMFs"), bonds and other financial instruments) including those resulting from changes in credit spreads not matched by a corresponding movement in the value of liabilities;
- Changes in the value of other assets including equities; and
- Exchange rate movements.

The Company considers market and liquidity risks together and has developed a strategy to ensure that the Company can pay its liabilities, including day-to-day cash requirements. The Company aims to achieve this objective by holding investment assets types with highly secured, good quality and liquid nature such as cash, MMFs and highly rated bonds, where appropriate, so that the Company can minimise investment credit risks and liquidity risks and focus its risk management activities to risks resulting from the movements in interest rates and exchange rates.

The Company's Investment Management Policy ensures its continued compliance with the Prudent Person Principle as set out in Article 132 of the Directive 2009/138/EC. The overall investment

mandate for the Company is to achieve the objective of generating attractive risk-adjusted returns over time while maintaining sufficient liquidity to meet business and liquidity needs. The average rating of the combined portfolio shall be a minimum rating of BBB+/Baa1.

All assets shall be invested in such a manner to ensure the security, quality, liquidity and profitability of the portfolio as a whole. Assets held to cover the Technical Provisions shall also be invested in such a manner appropriate to the nature and duration of the liabilities. Monitoring of liability durations is maintained to ensure the appropriate asset and liability matching is achieved.

Assets shall be properly diversified in such a way as to avoid excessive reliance on any particular asset, issuer, trading sector or group of undertakings.

C3. Credit Risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Company is exposed to credit risk are:

- exposure to investments in debt securities, money market funds and cash deposits;
- reinsurers' share of insurance/reinsurance claim reserve liabilities;
- claim recovery amounts due from reinsurers in respect of claims already paid;
- premium amounts due from insurance/reinsurance policyholders/cedants; and
- premium amounts due from insurance/reinsurance intermediaries.

The Company monitors its exposure to a single counterparty, or groups of related counterparties, and to territorial and industry segments and sets limits on these.

C4. Liquidity Risk

Liquidity risk is the risk that cash may not be available to pay obligations when due. In order to meet such calls, the Board sets minimum limits on the maintenance of cash deposits and investments. As such, liquidity risk is not a significant risk to the Company

C5. Operational Risk

Operational risk refers to the risk of loss arising from inadequate or failed internal processes, people and systems or from external events, including legal, strategic and reputational risks.

The Company's Risk Register recognises operational risks for the Company and those resulting from the Company being part of a group i.e. including operational risks from the parent company, sister companies and subsidiaries.

Risk mitigations include:

- Annual reviews of policies and procedures
- Robust systems monitoring and auditing
- Exposure to fraud is limited owing to small size of company

C6. Risk Sensitivities

The Company's risk assessment and validation also includes the use of quantitative techniques including using techniques such as stress and scenario testing. Risks are monitored to ensure that the risk profile falls within the risk appetite, tolerance and limits of the Company.

The Company considered the following sensitivities related to the key reserve risks identified in section C1.

A. The impact of reducing the assumed proportion of future large injury claims that will settle as Periodical Payment Orders to zero on higher layers. The impact of this scenario increases Technical Provisions (and reduces Own Funds) by £0.3m; and increases the SF SCR by £1.8m; and would reduce the Company's coverage of its SF SCR from 279% to 271%.
B. The impact of the Ogden discount rate for calculating lump sum settlements for large injury claim settlements changing from -0.25% to -0.75%. The impact of this scenario increases Technical Provisions (and reduces Own Funds) by £6.4m; and increases the SF SCR by £3.3m; and would reduce the Company's coverage of its SF SCR from 279% to 258%.
C. The impact of reverting fully to 2018 market rate assumptions for the Motor XL class, giving no credit to 2019 market rate results, which suggest lower levels of expected claims, particularly on higher layers. The impact of this scenario increases Technical Provisions (and reduces Own Funds) by £5.7m; and increases the SF SCR by £2.8m; and would reduce the Company's coverage of its SF SCR from 279% to 260%.
D. A combination of the Ogden discount rate changing to -0.75% and reverting fully to the 2018 market rate (i.e. combining scenarios B and C). The impact of this scenario increases Technical Provisions (and reduces Own Funds) by £14.5m; and increases the SF SCR by £7.4m; and would reduce the Company's coverage of its SF SCR from 279% to 233%.
E. The impact of ULRs for 2012-2015 YOAs increasing by 5% and 10% to the Political Risks class. The impacts of these scenarios increase Technical Provisions (and reduces Own Funds) by £3.0m and £6.1m respectively; they increase the SF SCR by £0.9m and £1.8m respectively; and would reduce the Company's coverage of its SF SCR from 279% to 271% and 264% respectively.
F. The impact of a 5% and 10% deterioration to the PI GTP QS and PI GTP XL ULRs across all years. The impacts of these scenarios increase Technical Provisions (and reduces Own Funds) by £2.5m and £4.9m respectively; they increase the SF SCR by £1.2m and £2.3m respectively; and would reduce the Company's coverage of its SF SCR from 279% to 271% and 263% respectively.

There is no allowance for any future management actions in the evaluation of the scenarios above. As they relate to external factors and events impacting business written before mid-2015 and with business no longer being written by the Company, we believe that any management actions would not have a material impact of the valuation of these scenarios.

In summary, the Company's Own Funds does not fall below the SCR in any of the risk sensitivities considered above.

C7. Other Material Risks

All material risks are covered in above.

D. Valuation for Solvency Purposes

Solvency II Balance Sheet as at 31 December 2019

Basis of preparation

The Company's Solvency II balance sheet is prepared as of 31 December 2019. The balance sheet is prepared in compliance with the Solvency II regulations.

Assets and liabilities are valued based on the assumption that the Company will pursue its business as a going concern.

The Company may by ordinary resolution declare a dividend, subject to Board approval. The Articles of Association do not prohibit the cancellation of a dividend at any time including after declaration.

Technical Provisions are recognized with respect to all insurance and reinsurance obligations towards policyholders and beneficiaries of insurance or reinsurance contracts. The value of Technical Provisions corresponds to the current amount that the Company would have to pay if it were to transfer its insurance and reinsurance obligations immediately to another insurance or reinsurance undertaking.

The financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"), Financial Reporting Standard 103, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland for entities issuing insurance contracts" ("FRS 103") and the Companies Act 2006, under the provision of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ("SI 2008/410"), provided that those standards and interpretations include valuation methods that are in accordance with the following market consistent valuation approach set out in Article 75 of the Solvency II Directive 2009/138/EC:

- Assets shall be valued at the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction; and
- Liabilities shall be valued at the amount for which they could be transferred, or settled, between knowledgeable willing parties in an arm's length transaction (without adjustment to take account of the Company's own credit standing).

The main adjustments between FRS 102 UK GAAP and Solvency II assets and liabilities relate to:

- Re-measurement of assets that are not measured at fair value in the FRS 101 financial statements;
- Re-measurement of Technical Provisions including allowance for discounting;
- Recognition of the Risk Margin;
- Re-measurement of reinsurance assets and liabilities; and
- Deferred tax impacts related to the adjustments above (where applicable).

These adjustments are detailed hereafter in this section.

The preparation of the balance sheet in accordance with Solvency II requires the use of estimates and assumptions. It requires the application of Solvency II principles described below. The main balance sheet account impacted are assets accounted at fair value, deferred tax assets and assets and liabilities relating to the insurance business. The principles set out below specify the measurement methods used for these items.

Unless otherwise stated, the Company's valuation principles have been consistently applied to all the periods presented.

The Solvency II balance sheet is presented in GBP, being the Company's functional currency. The Company operates mainly in the three transactional currencies of GBP/EUR/USD. All non-GBP/EUR/USD transactions are translated into GBP/EUR/USD at the exchange rates prevailing on the dates of the transactions. Assets and liabilities resulting from transactions denominated in foreign currencies are translated at the local closing exchange rate.

D1. Assets

Fair value measurement

The table below summarizes for each material class of assets, the value of the assets of the Company according to Solvency II provisions together with the values of the assets recognised and valued on a UK GAAP accounting basis as at 31 December 2019.

Asset Class (GBP'000)	Assets per GAAP	Reclassify for Solvency purposes	Solvency valuation adjustment	Solvency value
Property, plant and equipment	-	-	-	-
Investments in government and corporate bonds	110,836	8,757	-	119,593
Collective investment undertaking	235,245	(8,213)	-	227,032
Cash and cash equivalents	24,110	-	-	24,110
Deferred acquisition costs	32	-	(32)	-
Reinsurers share of unearned premium	1	-	(1)	-
Reinsurers share of claims reserve/Technical Provision	1,962	-	714	2,676
Receivables (trade, not insurance)	9,431	-	-	9,431
Insurance and intermediaries receivable	3,890	-	(3,890)	-
Other assets	1,319	(544)	-	775
Total Assets	**386,827**	-	**(3,209)**	**383,618**

D1.1 Valuation principles

The valuation principles applied to these assets are consistent with those used in the UK GAAP accounts, notably:

D1.1.1 Investments in government and corporate bonds

Investments in government and corporate bonds are all valued at fair value, being the quoted market price on close of business 31 December 2019, in the UK GAAP accounts. Solvency II valuation is fair value plus any accrued interest (which is included in the Other assets account in the UK GAAP balance sheet). All gilts and bonds are investment grade and their valuations represent quoted prices in active

markets (being a market in which transactions for the asset take place with sufficient frequency and volume to provide pricing information on an ongoing basis).

D1.1.2 Collective investment undertaking

As at the reporting date, the Company held assets in collective investment undertakings. The collective investment undertakings are externally-managed funds, containing underlying assets that are highly credit rated and of short duration. Collective investment undertakings are valued at fair value under Solvency II based on market prices at the reporting date. As these are publicly traded securities, the market prices are readily available and are actively traded. The value of these funds in the financial statements is the same as for Solvency II.

D1.1.3 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with banks. Such deposits are classified as cash equivalents where they have maturity dates of three months or less from date of acquisition. Cash and cash equivalents are valued at fair value by the relevant financial institution. There are no significant estimates or judgements used in valuing cash holdings due to the nature of the asset.

D1.1.4 Insurance and intermediaries receivable

Under UK GAAP these figures relate primarily to the amount owed to the Company from policyholders. However, under Solvency II, these amounts are included as part of premium provisions within Technical Provisions and therefore do not feature within Solvency II assets.

D1.1.5 Deferred tax asset

Deferred tax assets and liabilities are valued based on the UK GAAP expected tax impact. Deferred tax asset or liability arises from differences in timing between the recognition of taxable profits/losses in the UK GAAP financial statements, versus their recognition in the tax computation. Deferred tax assets are recognised to the extent that it is regarded more likely than not that these will be recovered. No deferred tax asset has been recognised from the transition from UK GAAP to Solvency II valuation as per the PRA Supervisory Statement SS2/14 (November 2016).

The deferred tax asset balance at 31 December 2019 was nil.

With effect from 1 April 2017 the UK headline rate of corporation tax reduced from 20% to 19%. The closing deferred tax balance is recognised at a rate of 19%.

D1.1.6 Reinsurers' share of unearned premium

Under Solvency II, these amounts are included within Technical Provisions and therefore do not feature within Solvency II assets.

D1.1.7 Deferred acquisition costs

Deferred acquisition costs are defined as acquisition costs relating to contracts in force at the balance sheet date which are carried forward from one reporting period to subsequent reporting periods,

relating to unexpired periods of risks. Deferred acquisition costs are not recognised within Solvency II assets.

D1.1.8 Reinsurers' share of claim reserves (reinsurers' share of Technical Provisions)

Under the Solvency II balance sheet the reinsurers' share of Technical Provisions are valued using the same approach as for gross, as part of net Technical Provisions, as described in Section D2 below. This has been calculated as the reinsurers' share of the unearned premium provision multiplied by the expected claim rate for each Solvency II line of business.

D1.1.9 Receivable (trade, not reinsurance)

Receivable (trade, not reinsurance) relate to other receivables which are due within 1 year and UK GAAP carrying value (being equivalent to IFRS carrying values) are taken to approximate fair values under Solvency II. The balance in 2019 consists of unsettled investment trades, for which the Company has a corresponding liability of the same value. Both balances settled within one month of the year end balance sheet date.

D1.1.10 Other Assets

Other assets relate to prepayments, interest receivable and sundry debtors which are due within 1 year under UK GAAP and represent the fair value of the assets. Interest receivable has been reclassified to investments under Solvency II. The other assets valuation is considered to be valued at fair value under Solvency II.

D2. Technical Provisions

Technical Provisions are split between Non-life and Life (PPOs).

The table below summarises the Company's non-life Technical Provisions under Solvency II as at 31 December 2019:

		2019			2018		
Solvency II line of business (GBP'000)		**Net Best Estimate**	**Risk Margin**	*** Technical Provisions**	**Net Best Estimate**	**Risk Margin**	*** Technical Provisions**
Direct business and accepted proportional reinsurance	Medical expense insurance	170	21	191	447	50	497
	Motor vehicle liability insurance	17,904	2,160	20,064	22,799	2,529	25,328
	Marine, aviation and transport insurance	2,808	339	3,147	7,079	785	7,864
	Fire and other damage to property insurance	12,526	1,511	14,037	19,535	2,168	21,703
	General liability insurance	20,528	2,476	23,004	23,773	2,638	26,411
	Miscellaneous financial loss	13,224	1,595	14,819	14,969	1,661	16,630
Accepted non-proportional reinsurance	Non-proportional health reinsurance	13	2	15	11	1	12
	Non-proportional casualty reinsurance	63,798	7,696	71,494	71,285	7,909	79,194
	Non-proportional marine, aviation and transport reinsurance	884	107	991	1,862	207	2,069
	Non-proportional property reinsurance	119	14	133	219	24	243
Total non-life obligation		**131,974**	**15,921**	**147,895**	**161,979**	**17,972**	**179,951**

** - being Technical Provisions minus recoverables from reinsurance*

The table below summarises the Company's life Technical Provisions under Solvency II as at 31 December 2019:

Solvency II line of business (GBP'000)		2019 Net Best Estimate	2019 Risk Margin	2019 * Technical Provisions	2018 Net Best Estimate	2018 Risk Margin	2018 * Technical Provisions
Accepted reinsurance	Annuities stemming from non-life accepted insurance contracts and relating to insurance obligation other than health insurance obligations	24,772	2,988	27,760	23,875	2,649	26,524
Total (Life other than health insurance, incl Unit-linked)		**24,772**	**2,988**	**27,760**	**23,875**	**2,649**	**26,524**

** - being Technical Provisions minus recoverables from reinsurance*

General Principles

Technical Provisions are measured as the sum of:

- Best Estimate Liabilities ("BEL"); and
- Risk Margin for non-hedgeable risks that is added to the BEL.

The BEL is grouped into the following key components:

- Claims provisions: Best Estimate of provisions that relate to the earned exposure; and
- Premium provisions: Best Estimate of provisions that relate to the unearned exposure.

The BEL corresponds to the probability-weighted average of future cash flows including policyholder's benefit payments, expenses, and premiums related to existing insurance and reinsurance contracts taking into account the time value of money (i.e. by discounting these future cash flows to present value using EIOPA yield curves). The calculation of the BEL is based upon up-to-date reliable information and realistic assumptions. The cash-flow projection used in the calculation includes all the cash in- and out-flows required to settle the insurance and reinsurance obligations over their lifetime.

The BEL is calculated using standard actuarial methods with method selection varying according to class of business, loss category and age of development. The two key assumptions feeding into the BEL outputs are the development patterns and initial expected loss ratios ("IELRs"). Consideration is given to adding in further loads for Events Not In Data ("ENIDs"). The BEL is calculated in this way both gross of reinsurance and separately for reinsurance cash flows. These are then used to estimate the Technical Provisions net of reinsurance.

The Risk Margin is defined as the cost of non-hedgeable risk, i.e. a margin in addition to the expected present value of liability cash flows required to manage the business on the basis of transferring the portfolio to another insurance or reinsurance company. It is deemed to be the present value of the cost of future economic capital requirements for non-hedgeable risks. The Risk Margin is determined as the present value at the basic risk-free interest rate structure of the future capital charges using a 6% cost of capital for all lines of business.

Uncertainty Associated with the Value of Technical Provisions

The main sources of uncertainty in the valuation of the Technical Provisions are around the assumptions used for:

- Uncertainty on the claims performance (both number and severity); and

- Uncertainty on the level of expenses.

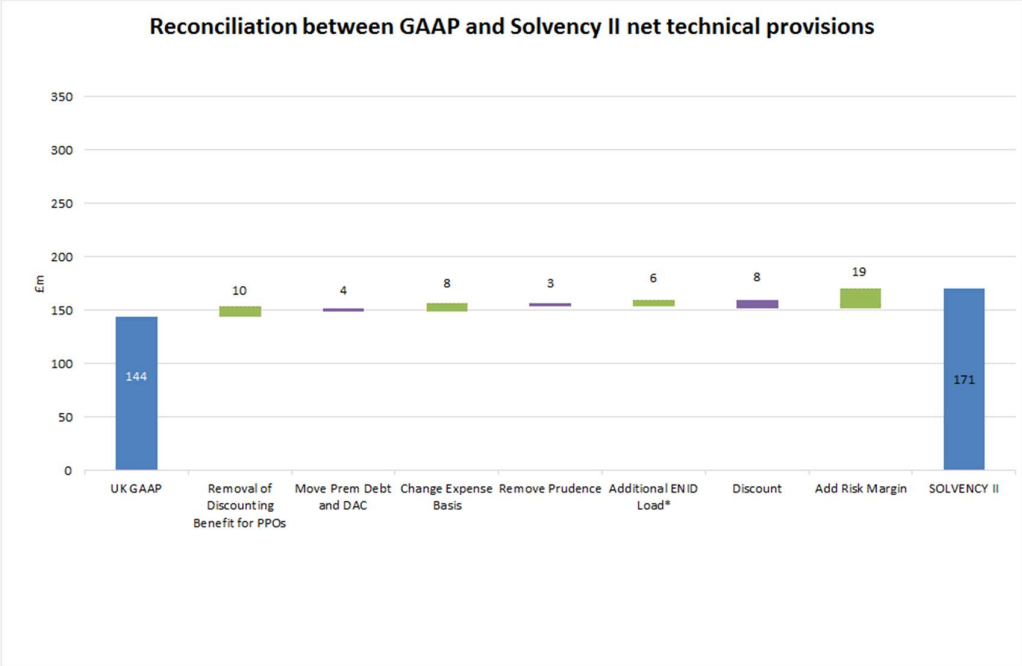
The assumptions are the best estimate assumptions based on the Company's own experience. Although the Company has more than 10 years of experience, the data only includes the limited outcomes of the underlying distribution. Therefore, there are possible events that have not been experienced by the Company and thus cannot be captured for the analysis. This could result in the best estimate assumptions being mis-estimated.

The Company believes that the Technical Provisions for lump sum Motor claims are appropriate and adequate but does recognise the sensitivities of key assumptions involved in the calculation of the reserve. These include the assumption made for future Ogden discount rates for bodily injury settlements and the ages of claimants. For example, a 5 year change in the average age of the claimant and/or life expectancy of the claimant may have a material impact on the Technical Provisions for lump sum Motor claims.

In mid-July 2019 the Lord Chancellor announced a change to the Ogden discount rate to a -0.25% rate. The Company has based its Technical Provisions on this revised Ogden discount rate for future claims at -0.25%.

Reconciliation between Financial Statements and Solvency II Technical Provisions

The chart below shows a reconciliation between UK GAAP reserves in the Company's Financial Statements and the Solvency II Technical Provisions on a net-of-reinsurance basis.



The larger items driving the difference are:

- For Solvency II Technical Provisions, an explicit Risk Margin is calculated. This has been calculated by projecting different elements of the Solvency II Standard Formula for the SCR over future years to estimate the appropriate SCR at those times. The Risk Margin is then

derived by applying the cost of capital of 6% and discounting the future costs using EIOPA's risk-free yield curve;

- Movement of premium debt, which is an asset in the Financial Statements, but reduces claims liabilities under Solvency II;
- Change in discounting basis. In the financial statements, only liabilities relating to PPOs are discounted, whereas most liabilities are not discounted. The discount rate is estimated using market data for AA-rated corporate bonds. Under Solvency II all liabilities are discounted, but at a lower rate provided by EIOPA; and
- Change in the basis of calculation for expenses.

Allowance for ceded reinsurance

The Company only has ceded technical provisions relating to outwards reinsurance on a single line of business, where all claims that occur after 31/12/2011 are 100% reinsured. These ceded best estimate Technical Provisions amount to GBP2.7million.

The gross Technical Provisions are calculated on an accident year basis, so that the ceded technical provisions are simply equal to the gross Technical Provisions for accident years 2012 onwards.

Changes in assumptions over the year

During 2019, there were some modifications to assumptions underlying the propensity for large bodily injury claims to be settled as PPOs rather than lump sums and payment patterns for potential PPO claims, and the payment pattern for potential PPO claims.

Other notes regarding the Technical Provisions

The following are not applied by the Company:

- The volatility adjustment referred to in Article 77d of the Directive;
- The transitional risk-free interest rate-term structure referred to in Article 308c of the Directive; and
- The transitional deduction referred to in Article 308d of the Directive.

The Company used no significant simplifications in the calculation of the Technical Provisions.

D3. Other Liabilities

The table below shows the other liabilities class for the year ended 31 December 2019.

	2019		2018	
Other liability class (GBP'000)	**UK GAAP**	**Solvency II**	**UK GAAP**	**Solvency II**
Payable (trade, not insurance)	11,569	11,569	671	671
Deferred tax liability	180	180	280	280
Other creditors	438	438	636	636

There are no differences between the bases, methods and main assumptions used by the Company for the valuation of other liabilities for solvency purposes and those used for their valuation in financial statements.

D3.1 Payable (trade, not insurance)

Payable (trade, not insurance) include amounts due to suppliers, public entities etc. which have been invoiced by 31 December 2019, or unsettled investment trades and are not insurance related. Payable (trade, not insurance) solely comprise amounts which fall due within 12 months and are considered to be held at fair value.

D3.2 Deferred Tax Liabilities

Deferred tax liabilities valuation disclosure is detailed together with deferred tax assets in the asset section in D1.1.6.

D3.3 Other creditors

Other creditors include liabilities of uncertain timing including accruals to suppliers, amounts due to employees etc. The liabilities are recognised when they represent obligations as at 31 December 2019 and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations. Other creditors solely comprise amounts which fall due within 12 months and are considered to be held at fair value.

D3.4 Contingent liabilities

Contingent liabilities are:

- Possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; and
- A present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Under Solvency II, possible contingent liabilities that are material are recognized as liabilities, unlike FRS 102 where they are only disclosed. Contingent liabilities are material where information about the current or potential size or nature of those liabilities could influence the decision-making or judgment of the intended user of that information, including the supervisory authorities.

The Company has not recognised any contingent liabilities as at 31 December 2019.

D4. Alternative Valuation Methods

There were no alternative methods required or considered for the valuation of the Company's assets or liabilities.

D5. Any other material information

There is no other material information to be disclosed regarding the valuation of the Company's assets and liabilities for solvency purposes.

E. Capital Management

E1. Own Funds

E1.1 Capital Structure

The Company has a Capital Management Policy and a medium term Capital Management Plan which outline the overall aim and approach to be taken for capital management, together with the standards and parameters which must be adhered to and reporting requirements and responsibilities.

The objective is to ensure that the Company has sufficient capital resources to remain solvent on both a regulatory basis (Solvency II Pillar I) and an economic basis (Solvency II Pillar II).

The capital projections shown in the ORSA over the 3-year business planning period facilitate Board discussion on the capital requirements for the Company.

There have not been any material changes to the capital management policy or processes in 2019.

E1.2 Own Funds

The Company's Own Funds are classified as Tier 1 unrestricted capital:

Own Fund Item (GBP'000)	Tier	2019	2018
Share capital	1 - unrestricted	125,000	125,000
Reconciliation reserve	1 - unrestricted	69,179	54,618
Total Own Funds		**194,179**	**179,618**

The reconciliation reserve is classified as Tier 1 unrestricted capital in accordance with the Solvency II regulations. It is calculated as follows:

Description (GBP'000)	2019	2018
Solvency II excess of assets over liabilities	194,179	179,618
Less:		
Ordinary share capital	(125,000)	(125,000)
Reconciliation Reserve	**69,179**	**54,618**

The value of the reconciliation reserve is directly related to the value of the excess of assets over liabilities and is therefore subject to potential volatility of those assets and liabilities. Regular Solvency II balance sheet forecasting is undertaken to monitor the expected future value of assets and liabilities. Where risks are identified, management actions are undertaken to mitigate any impact on solvency coverage.

During the year no dividends were paid.

E1.3 Tiering of Capital

Only the Company's Tier 1 Own Funds may be used towards meeting the MCR. The Company's Tier 1 and Tier 3 Own Funds, of which there were none, may be used towards meeting the SCR.

Description (GBP'000)	2019	2018
Eligible Own Funds to meet MCR	194,179	179,618
Eligible Own Funds to meet SCR	194,179	179,618

E1.4 Reconciliation from UK GAAP to Solvency II excess of assets over liabilities

For the excess of assets over liabilities, the attribution of valuation differences is as follows:

Description (GBP'000)	2019	2018
UK GAAP excess of assets over liabilities	220,963	206,671
Deferred Acquisition Costs	(32)	(77)
Risk Margin	(18,909)	(20,621)
Technical Provisions net of reinsurance recoverables	(7,843)	(6,356)
Solvency II excess of assets over liabiltiies	**194,179**	**179,617**

Capital resources are allocated differently under UK GAAP and Solvency II resulting from differences in the classification and valuation of certain items under Solvency II definitions compared to UK GAAP:

- Deferred acquisition costs are not allowed under Solvency II (difference arising from Solvency II valuation of assets above); and
- Technical Provisions are recalculated under Solvency II on a discounted best estimate basis (difference arising from Solvency II valuation of Technical Provisions above).

E2. Solvency Capital Requirement and Minimum Capital Requirement

General Principles

The Solvency II directive provides for two separate levels of solvency margin: (i) the MCR, which is the amount of Own Funds below which policyholders and beneficiaries are exposed to an unacceptable level of risk should the Company be allowed to continue its operations, and (ii) the SCR, which corresponds to a level of eligible Own Funds that enables insurance and reinsurance companies to absorb significant losses and that gives reasonable assurance to policyholders and beneficiaries that payments will be made.

The Company uses the standard formula to calculate its SCR.

E2.1 Amount of SCR and MCR

The table below shows the SCR and MCR position and the admissible Own Funds as at 31 December 2019 and prior year ended 31 December 2018.

Description (GBP'000)	2019	2018
Minimum Capital Requirement	19,742	23,405
Solvency Capital Requirement	69,594	78,543

E2.2 SCR components by risk type

The table below shows the components of the Company's SCR at 31 December 2019 and prior year ended 31 December 2018.

Net Solvency Capital Requirement (GBP'000)	2019	2018
Market risk	3,838	6,649
Counterparty default risk	1,271	1,301
Life underwriting risk	2,418	672
Health underwriting risk	30	71
Non-life underwriting risk	63,631	70,901
Undiversified basic SCR	**71,188**	**79,594**
Diversification credit	(5,745)	(6,051)
Diversified basic SCR	**65,443**	**73,543**
Operational risk	4,151	5,000
Final standard formula SCR	**69,594**	**78,543**

E2.3 MCR

The table below shows the inputs into the MCR calculation as at 31 December 2019 and prior year ended 31 December 2018. Note, the absolute floor of the minimum capital requirement ("AMCR") is prescribed by EIOPA and stated in GBP.

Overall MCR Calculation (GBP'000)	2019	2018
AMCR (in GBP)	3,187	3,288
Linear MCR	19,742	23,405
MCR Cap	31,317	35,344
MCR Floor	17,399	19,636
SCR	69,594	78,543
Combined MCR	19,742	23,405
Minimum Capital Requirement	**19,742**	**23,405**

E3. Use of duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

The Company did not make use of the duration-based equity risk sub-module during the reporting period.

E4. Non-compliance with SCR and MCR

The Company has complied with the MCR and the SCR throughout 2019 and does not expect to breach the requirements over the Company's plan period.

RenaissanceRe (UK) Limited

Solvency and Financial Condition Report

Disclosures

31 December

2019

(Monetary amounts in GBP thousands)

General information

Undertaking name	RenaissanceRe (UK) Limited
Undertaking identification code	2138003BOFNAAO14YV58
Type of code of undertaking	LEI
Type of undertaking	Non-life undertakings
Country of authorisation	GB
Language of reporting	en
Reporting reference date	31 December 2019
Currency used for reporting	GBP
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

S.02.01.02 - Balance sheet
S.05.01.02 - Premiums, claims and expenses by line of business
S.05.01.02 - Premiums, claims and expenses by line of business
S.05.02.01 - Premiums, claims and expenses by country
S.05.02.01 - Premiums, claims and expenses by country
S.12.01.02 - Life and Health SLT Technical Provisions
S.17.01.02 - Non-Life Technical Provisions
S.19.01.21 - Non-Life insurance claims
S.23.01.01 - Own Funds
S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	0
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	346,626
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	
R0120	*Equities - unlisted*	
R0130	*Bonds*	119,593
R0140	*Government Bonds*	119,593
R0150	*Corporate Bonds*	0
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	227,034
R0190	*Derivatives*	
R0200	*Deposits other than cash equivalents*	0
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	2,676
R0280	*Non-life and health similar to non-life*	2,676
R0290	*Non-life excluding health*	2,676
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	0
R0330	*Life excluding health and index-linked and unit-linked*	0
R0340	*Life index-linked and unit-linked*	0
R0350	Deposits to cedants	747
R0360	Insurance and intermediaries receivables	
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	9,431
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	24,109
R0420	Any other assets, not elsewhere shown	29
R0500	**Total assets**	383,618

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	150,570
R0520	*Technical provisions - non-life (excluding health)*	150,365
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	134,466
R0550	*Risk margin*	15,898
R0560	*Technical provisions - health (similar to non-life)*	205
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	183
R0590	*Risk margin*	22
R0600	Technical provisions - life (excluding index-linked and unit-linked)	27,760
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	0
R0630	*Best Estimate*	0
R0640	*Risk margin*	0
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	27,760
R0660	*TP calculated as a whole*	0
R0670	*Best Estimate*	24,772
R0680	*Risk margin*	2,988
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	0
R0710	*Best Estimate*	0
R0720	*Risk margin*	0
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	180
R0790	Derivatives	
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	
R0830	Reinsurance payables	
R0840	Payables (trade, not insurance)	10,489
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	439
R0900	**Total liabilities**	189,439
R1000	**Excess of assets over liabilities**	194,179

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business							-227										-227
R0120	Gross - Proportional reinsurance accepted	1			1		363	-465	82				562					545
R0130	Gross - Non-proportional reinsurance accepted													0	-220	1	64	-156
R0140	Reinsurers' share	1			105		23	-146	104				79	0	421	8	1	596
R0200	Net	0			-104		340	-546	-22				483	0	-641	-7	63	-434
	Premiums earned																	
R0210	Gross - Direct Business							-197										-197
R0220	Gross - Proportional reinsurance accepted	1			1		363	-465	82				918					901
R0230	Gross - Non-proportional reinsurance accepted													0	-220	1	95	-125
R0240	Reinsurers' share	1			105		23	-116	104				79	0	421	8	1	626
R0300	Net	0			-104		340	-546	-22				839	0	-641	-7	94	-46
	Claims incurred																	
R0310	Gross - Direct Business							-406										-406
R0320	Gross - Proportional reinsurance accepted	-897			1,581		-1,192	1,152	3,056				-5,206					-1,507
R0330	Gross - Non-proportional reinsurance accepted													2	539	-926	-58	-443
R0340	Reinsurers' share							326									0	326
R0400	Net	-897			1,581		-1,192	420	3,056				-5,206	2	539	-926	-58	-2,683
	Changes in other technical provisions																	
R0410	Gross - Direct Business																	0
R0420	Gross - Proportional reinsurance accepted																	0
R0430	Gross - Non-proportional reinsurance accepted																	0
R0440	Reinsurers' share																	0
R0500	Net	0			0		0	0	0				0	0	0	0	0	0
R0550	**Expenses incurred**	36			2,142		-21	-534	-417				2,658	0	430	-15	17	4,296
R1200	**Other expenses**																	
R1300	**Total expenses**																	4,296

S.05.01.02

Premiums, claims and expenses by line of business

Life

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

S.05.02.01

Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010			CN	DZ	EG	QA	IT	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	9	0	126	0	28	0	163
R0120	Gross - Proportional reinsurance accepted	503	617	0	34	0	10	1,164
R0130	Gross - Non-proportional reinsurance accepted	-163	0	0	0	0	0	-163
R0140	Reinsurers' share	2	0	34	0	8	0	44
R0200	Net	346	617	92	34	21	10	1,119
	Premiums earned							
R0210	Gross - Direct Business	11	0	126	0	28	0	165
R0220	Gross - Proportional reinsurance accepted	859	617	0	34	0	10	1,520
R0230	Gross - Non-proportional reinsurance accepted	-132	0	0	0	0	0	-132
R0240	Reinsurers' share	10	0	117	0	26	0	153
R0300	Net	727	617	9	34	2	10	1,400
	Claims incurred							
R0310	Gross - Direct Business	-17	0	-46	0	-2	-1	-67
R0320	Gross - Proportional reinsurance accepted	-4,682	1,292	0	536	0	86	-2,768
R0330	Gross - Non-proportional reinsurance accepted	371	-1,165	0	0	0	0	-793
R0340	Reinsurers' share	124	1	335	2	16	7	485
R0400	Net	-4,452	126	-382	533	-18	78	-4,114
	Changes in other technical provisions							
R0410	Gross - Direct Business							0
R0420	Gross - Proportional reinsurance accepted							0
R0430	Gross - Non-proportional reinsurance accepted							0
R0440	Reinsurers' share							0
R0500	Net	0	0	0	0	0	0	0
R0550	**Expenses incurred**	979	40	1	11	4	1	1,036
R1200	**Other expenses**							
R1300	**Total expenses**							1,036

S.05.02.01

Premiums, claims and expenses by country

Life

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

S.12.01.02

Life and Health SLT Technical Provisions

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, including Unit-Linked)	Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees					Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150	C0160	C0170	C0180	C0190	C0200	C0210
R0010	**Technical provisions calculated as a whole**									0	0						
R0020	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole									0	0						
	Technical provisions calculated as a sum of BE and RM																
	Best estimate																
R0030	**Gross Best Estimate**									24,772	24,772						
R0080	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default									0	0						
R0090	Best estimate minus recoverables from reinsurance/SPV and Finite Re								0	24,772	24,772						
R0100	**Risk margin**									2,988	2,988						
	Amount of the transitional on Technical Provisions																
R0110	Technical Provisions calculated as a whole										0						
R0120	Best estimate										0						
R0130	Risk margin										0						
R0200	**Technical provisions - total**								0	27,760	27,760						

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**	0			0		0	0	0				0	0	0	0	0	0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole																	0
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross	0			0		0	0	0				133	0	0	0	71	203
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default							0										0
R0150	**Net Best Estimate of Premium Provisions**	0			0		0	0	0				133	0	0	0	71	203
	Claims provisions																	
R0160	Gross	170			17,903		2,808	15,202	20,528				13,092	13	63,798	884	49	134,446
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default							2,676										2,676
R0250	**Net Best Estimate of Claims Provisions**	170			17,903		2,808	12,526	20,528				13,092	13	63,798	884	49	131,770
R0260	**Total best estimate - gross**	170			17,903		2,808	15,202	20,528				13,224	13	63,798	884	119	134,650
R0270	**Total best estimate - net**	170			17,903		2,808	12,526	20,528				13,224	13	63,798	884	119	131,974
R0280	**Risk margin**	21			2,160		339	1,511	2,476				1,595	2	7,696	107	14	15,920
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole																	0
R0300	Best estimate																	0
R0310	Risk margin																	0
R0320	**Technical provisions - total**	191			20,063		3,146	16,713	23,004				14,820	15	71,494	991	134	150,570
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**	0			0		0	2,676	0				0	0	0	0	0	2,676
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**	191			20,063		3,146	14,037	23,004				14,820	15	71,494	991	134	147,894

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Non-Life insurance claims

Total Non-life business

Z0020 Accident year / underwriting year: Underwriting Year

Gross Claims Paid (non-cumulative)
(absolute amount)

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year	Development year											In Current year	Sum of years (cumulative)
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											1,090	1,090	1,090
R0160	-9	3,197	22,535	11,805	2,230	2,525	1,632	894	-178	109	1,429		1,429	46,179
R0170	-8	5,330	12,825	14,015	3,900	2,144	136	2,833	269	164			164	41,616
R0180	-7	1,119	11,972	9,855	4,265	4,556	11,037	2,992	816				816	46,613
R0190	-6	1,838	19,045	12,707	9,378	7,583	7,503	7,342					7,342	65,396
R0200	-5	2,169	24,136	18,876	12,522	7,908	8,459						8,459	74,069
R0210	-4	5,529	34,762	17,775	13,367	9,466							9,466	80,899
R0220	-3	0	0	0	0								0	0
R0230	-2	0	0	0									0	0
R0240	-1	0	0										0	0
R0250	2019	0											0	0
R0260												Total	28,765	355,861

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
	Year	Development year											Year end (discounted data)
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											10,463	10,289
R0160	-9	0	0	0	0	0	0	5,871	2,675	2,562	1,288		1,256
R0170	-8	0	0	0	0	0	7,060	2,778	790	660			646
R0180	-7	0	0	0	0	33,238	14,801	12,762	14,090				13,524
R0190	-6	0	0	0	50,961	40,560	28,912	23,819					23,559
R0200	-5	0	0	68,567	58,825	51,607	42,108						41,285
R0210	-4	0	79,675	65,917	58,101	44,384							43,887
R0220	-3	0	0	0	0								0
R0230	-2	0	0	0									0
R0240	-1	0	0										0
R0250	2019	0											0
R0260												Total	134,446

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Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	125,000	125,000		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	69,179	69,179			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**	0				
R0230	**Deductions for participations in financial and credit institutions**	0	0	0	0	
R0290	**Total basic own funds after deductions**	194,179	194,179	0	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	194,179	194,179	0	0	0
R0510	Total available own funds to meet the MCR	194,179	194,179	0	0	
R0540	Total eligible own funds to meet the SCR	194,179	194,179	0	0	0
R0550	Total eligible own funds to meet the MCR	194,179	194,179	0	0	
R0580	**SCR**	69,594				
R0600	**MCR**	19,742				
R0620	**Ratio of Eligible own funds to SCR**	279.02%				
R0640	**Ratio of Eligible own funds to MCR**	983.58%				
	Reconcilliation reserve	C0060				
R0700	Excess of assets over liabilities	194,179				
R0710	Own shares (held directly and indirectly)	0				
R0720	Foreseeable dividends, distributions and charges					
R0730	Other basic own fund items	125,000				
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0				
R0760	**Reconciliation reserve**	69,179				
	Expected profits					
R0770	Expected profits included in future premiums (EPIFP) - Life business					
R0780	Expected profits included in future premiums (EPIFP) - Non- life business					
R0790	**Total Expected profits included in future premiums (EPIFP)**	0				

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Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	3,839		
R0020	Counterparty default risk	1,271		
R0030	Life underwriting risk	2,418		
R0040	Health underwriting risk	30		
R0050	Non-life underwriting risk	63,631		
R0060	Diversification	-5,745		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	65,443		

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	4,151
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	69,594
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	69,594

	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

	Approach to tax rate	C0109
R0590	Approach based on average tax rate	0

	Calculation of loss absorbing capacity of deferred taxes	**LAC DT**
		C0130
R0640	LAC DT	
R0650	LAC DT justified by reversion of deferred tax liabilities	0
R0660	LAC DT justified by reference to probable future taxable economic profit	0
R0670	LAC DT justified by carry back, current year	0
R0680	LAC DT justified by carry back, future years	0
R0690	Maximum LAC DT	0

USP Key

For life underwriting risk:
1 - Increase in the amount of annuity benefits
9 - None

For health underwriting risk:
1 - Increase in the amount of annuity benefits
2 - Standard deviation for NSLT health premium risk
3 - Standard deviation for NSLT health gross premium risk
4 - Adjustment factor for non-proportional reinsurance
5 - Standard deviation for NSLT health reserve risk
9 - None

For non-life underwriting risk:
4 - Adjustment factor for non-proportional reinsurance
6 - Standard deviation for non-life premium risk
7 - Standard deviation for non-life gross premium risk
8 - Standard deviation for non-life reserve risk
9 - None

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

	Linear formula component for non-life insurance and reinsurance obligations	C0010
R0010	MCR_{NL} Result	19,742

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	**Net (of reinsurance) written premiums in the last 12 months**
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	170	0
R0030	Income protection insurance and proportional reinsurance	0	0
R0040	Workers' compensation insurance and proportional reinsurance	0	0
R0050	Motor vehicle liability insurance and proportional reinsurance	17,903	0
R0060	Other motor insurance and proportional reinsurance	0	0
R0070	Marine, aviation and transport insurance and proportional reinsurance	2,808	340
R0080	Fire and other damage to property insurance and proportional reinsurance	12,526	0
R0090	General liability insurance and proportional reinsurance	20,528	0
R0100	Credit and suretyship insurance and proportional reinsurance	0	0
R0110	Legal expenses insurance and proportional reinsurance	0	0
R0120	Assistance and proportional reinsurance	0	0
R0130	Miscellaneous financial loss insurance and proportional reinsurance	13,224	483
R0140	Non-proportional health reinsurance	13	0
R0150	Non-proportional casualty reinsurance	63,798	0
R0160	Non-proportional marine, aviation and transport reinsurance	884	0
R0170	Non-proportional property reinsurance	119	60

	Linear formula component for life insurance and reinsurance obligations	C0040
R0200	MCR_L Result	0

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	**Net (of reinsurance/SPV) total capital at risk**
		C0050	C0060
R0210	Obligations with profit participation - guaranteed benefits		
R0220	Obligations with profit participation - future discretionary benefits		
R0230	Index-linked and unit-linked insurance obligations		
R0240	Other life (re)insurance and health (re)insurance obligations		
R0250	Total capital at risk for all life (re)insurance obligations		

	Overall MCR calculation	C0070
R0300	Linear MCR	19,742
R0310	SCR	69,594
R0320	MCR cap	31,317
R0330	MCR floor	17,399
R0340	Combined MCR	19,742
R0350	Absolute floor of the MCR	3,187
R0400	**Minimum Capital Requirement**	19,742