Solvency & Financial Condition Report

Inceptum Insurance Company Limited

In respect of the reporting period ended
31 December 2023

Contents

Summary

This Solvency and Financial Condition Report has been prepared for Inceptum Insurance Company Limited ("the Company" or "Inceptum") in order to satisfy the requirements of Article 290 of the Commission Delegated Regulation 2015/35. It refers to the financial year ended on 31 December 2023. The Company forms part of the Randall & Quilter Insurance Holdings Ltd. Group ("the Group").

The acquisition of the Company by the Group was agreed in August 2020 and completed, following regulatory approval, on 31 December 2020.

The Company has its origins as HSBC Insurance (UK) Limited ("HIUK"), a subsidiary of HSBC Bank plc ("HSBC"). HIUK wrote personal and commercial UK motor business until 2009, when a desire by HSBC to return to core business, combined with deteriorating results, led to the cessation of underwriting. A small volume of household and schools business was also underwritten.

In 2011 the business was acquired in its entirety by Syndicate Holding Corp. ("SHC"), a Puerto Rican holding company, and became part of the Vibe Group of Companies.

As a UK consolidator of the R&Q Group, the Company has permission from the Prudential Regulatory Authority ("PRA") to effect contracts of insurance, subject to specific approval of each proposed Part VII transfer or portfolio acquisition. During 2022 the 'omnibus' transfer ("Part VII Transfer") of all of the general insurance business of World Marine & General Insurance PLC ("WMG") and R&Q Eta Company Ltd ("Eta") and part of the general insurance business of QBE UK Limited ("QBEUK") to the Company by means of an insurance business transfer scheme under Part VII of the Financial Services and Markets Act 2000 was successfully completed.

The transferred QBEUK business was previously reinsured by R&Q Re (Bermuda) Ltd which has continued to provide reinsurance with 50% ceded by the Company. The Company and the reinsurer, RQB, benefit from a high-level Adverse Development Cover provided by Accredited Insurance Europe Ltd ("AIEL")

The technical account returned an underwriting loss of £5,597k primarily due to the impact of reserve deterioration within the QBE portfolio reserves.

The Company has recorded a loss after tax for 2023 of £2,176k (2022: Profit £5,840k). Net technical provisions increased by £1,379k.

Investment return for the year was a profit of £3,568k (2022: Loss £4,700k). This was primarily driven by £1,974k of net investment unrealised & realised gains. this related to 2023 interest rate yield increases having an effect on the market value of the Company's interest-bearing securities. It is expected these unrealised gains will continue to develop as the investment portfolio is held to maturity.

The Company's Net Assets have decreased in the financial year by 10% to £19,421k (2022: £21,596k) with Gross Technical Provisions of £107,498k (2022: £104,761k) and Net Technical Provisions of £26,695k (2022: £25,316k) reported at 31 December 2023. The valuation of other liabilities together with further information regarding the valuation of assets and liabilities of the Company can be found in Section D to this report.

The Company has been in full compliance of its capital requirements since the introduction of the Solvency II regime on 1 January 2016. The Company's SCR surplus at the reporting date was £11,244k

(2022: £13,528k). The Company expects to remain in compliance. In 2022, the assumptions and methodology underlying the calculation of the eligible own funds and the SCR did not change significantly. Further details of the Company's capital management can be found in Section E to this report.

Notwithstanding the Company is managing 'run-off' liabilities, the Board, supported by Group resources remains committed to ensuring that the Company's System of Governance is appropriate and proportionate to the needs of the Company, that it is managed and directed by sufficient experienced and competent individuals and that there are sufficient human, physical and financial resources available to the Company to ensure it is able to meet its regulatory and statutory obligations.

A: Business and Performance

A.1 Business

Name and legal form of Company

Name of Company:	Inceptum Insurance Company Limited
Legal Form:	Limited Liability Company
FRN:	203238
Registered in:	England & Wales
Registered Office:	71 Fenchurch Street, London EC3M 4BS
Registered No.:	03581552

The Host State Supervisory Authority (NSA) is:

Prudential Regulation Authority

The Group Supervisory Authority is:

Bermuda Monetary Authority

The contact details are as follows:

Trudy Trott
BMA House
43 Victoria Street
P.O. Box 2447
Hamilton HMJX
Bermuda

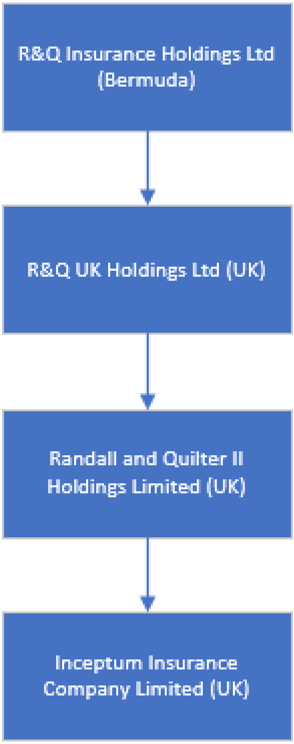
Tel: +1 (441) 295 5278
Fax: +1 (441) 292 7471

Name and contact details of Auditors:

PKF Littlejohn LLP
15 Westferry Circus
Canary Wharf
London
E14 4HD

Telephone: +44 207 516 2200

Inceptum's group structure is shown below:



A.2 Underwriting Performance

All Gross / Net Technical provisions ("TPs") reported within **Section A** are on a **Discounted basis.**

The key financial and other performance indicators prepared (under UK GAAP) during the year were as follows:

	2023	2022
	£000s	£000s
Net claims paid	**3,345**	237
Technical account for general business	**(5,597)**	11,670
Investment return	**3,568**	(4,700)
(Loss)/Profit after tax	**(2,176)**	5,840
Shareholders' funds	**19,420**	21,596
Net technical provisions	**26,695**	25,316

The reported Gross TPs as at 31 December 2023 are £107.498m.

The Company has the benefit of significant outwards reinsurance protections, however during the year the Company reported a strengthening in reserves increasing to £26.6m (2022: £25.3m) after applicable reinsurance arrangements.

The Net TPs are further summarised in the table below:

£000s	**Motor**	**General Liability**	**Employers Liability**	**Public Liability**	**Total**
Gross TPs	**(59,144)**	**(955)**	**(47,399)**	**0**	**(107,498)**
Outwards RI	-	-	-	-	
External / Third-party	55,968	847	-	-	56,815
Internal / Group	-	-	23,988	-	23,988
Net TPs	**(3,178)**	**(107)**	**(23,411)**	**0**	**(26,695)**

Outwards RI - External & Internal

The majority of Gross TPs remain with the original Inceptum portfolio with 9 open Motor PPO claims and the possibility of PPOs being awarded on a further 2 claims. The motor account is protected by a quota share programme which operates from the ground up and benefits from an excess of loss programme which provides unlimited protection above indexed retentions.

The General Liability exposure is in respect of the transferred WMG portfolio and is primarily US APH business which benefits from a full indemnity provided by the previous owner, The Commercial Union (now part of the Berkshire Hathaway Group).

The transferred QBEUK Gross TPs are primarily employers' liability (EL) and benefit from an internal, 50% reinsurance arrangement provided by R&Q Re (Bermuda) Ltd and a higher-level ADC arrangement provided by R&Q's Maltese entity, AIEL.

A technical account loss of £5.6m (2022 £11.6m profit) was reported for the 12 months to 31 December 2023 and is summarised below by material line of business with a comparative analysis for 2022 included.

2023 - £000s	Motor	General Liability	Employers Liability	Public Liability	Total
Gross premiums written	-	-	-	-	-
Outwards reinsurance premiums	-	-	15	-	15
Total earned premiums	**-**	**-**	**-**	**-**	**-**
Claims paid, net of reinsurance	(308)	-	(3,307)	-	(3,345)
Net change in provisions for claims	396	13	(1,764)	-	(1,355)
Net incurred claims	**88**	**13**	**(4,801)**	**-**	**(4,700)**
Operating expenses	(109)	(4)	(800)	-	(912)
Balance on Technical Account	**(21)**	**10**	**(5,587)**	**-**	(5,597)

2022 - £000s	Motor	General Liability	Employers Liability	Public Liability	Total
Gross premiums written	-	4,935	60,558	644	66,137
Outwards reinsurance premiums	-	-	(31,267)	(333)	(31,600)
Total earned premiums	**-**	**4,935**	**29,291**	**311**	**34,537**
Claims paid, net of reinsurance	(237)	-	-	-	(237)
Net change in provisions for claims	864	(115)	(21,586)	(230)	(21,067)
Net incurred claims	**627**	**(115)**	**(21,586)**	**(230)**	**(21,304)**
Operating expenses	(1,072)	(200)	(285)	(6)	(1,563)
Balance on Technical Account	**(445)**	**4,620**	**7,419**	**75**	11,670

The premiums reported in 2022 are in respect of assets transferred to the Company under the Part VII Transfer

A.3 Investment Performance

The Company earns interest on fixed income instruments, cash and cash equivalents as well as gains on fixed income instruments. Interest is accrued up to the balance sheet date.

All investment income, including realised and unrealised gains and losses on investments, is reported in the non-technical account and is all in GBP.

Investment return £3.5m (2022: loss £4.7m) compared with the prior year.

All financial assets are classified at fair value through profit or loss.

There are no investments in securitisations.

	2023	2022
	£000s	£000s
Non-technical account		
Balance on the technical account - general business	(5,597)	11,670
Investment income / Other income	2,118	570
Realised gain / (losses) on Investments	(1,008)	(200)
Unrealised gain /(losses) on Investments	2,982	(5,028)
Investment expenses and charges	(535)	(42)
Foreign exchange gains/(losses)	11	-
Total Investment Income	**3,568**	**(4,700)**
(Loss)/Profit on ordinary activities before tax	**(2,029)**	**6,970**

A.4 Performance of Other Activities

Nothing additional to report.

A.5 Any Other Information

All material information regarding the business and performance of the Company has been disclosed in section A.1 to A.4 above

B: System of Governance

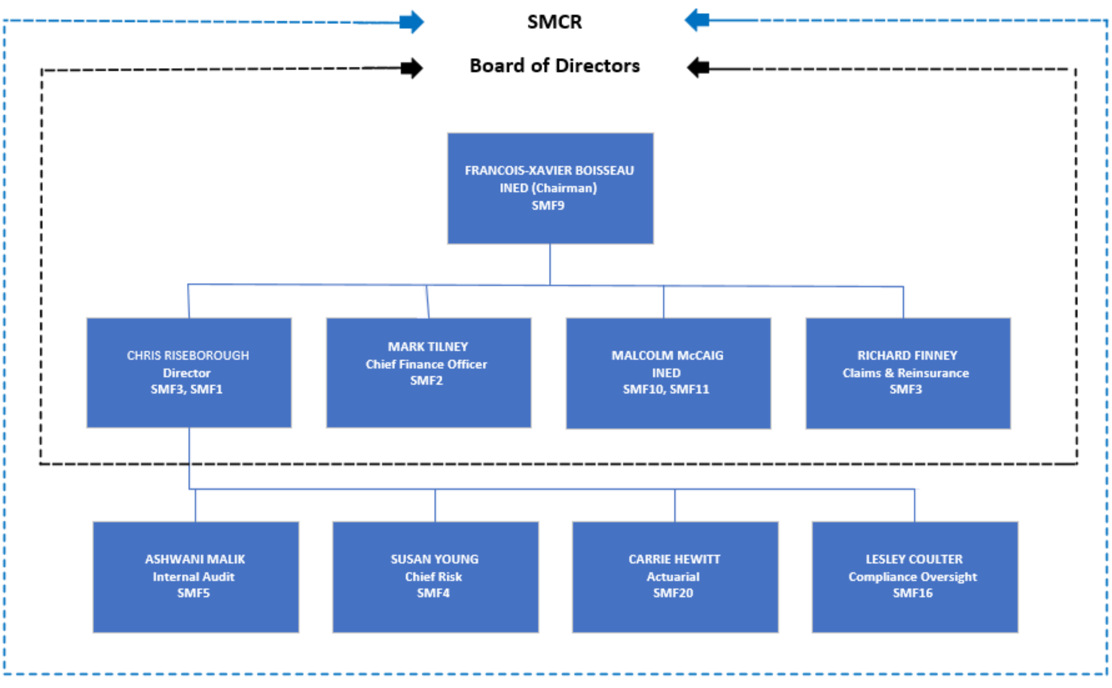
B.1 General Information on the System of Governance

B.1 Overview:

The Board of Directors recognises that it needs to be able to demonstrate that it has a System of Governance which meets its regulatory expectations and is proportionate to the nature of the business, complies with existing requirements and is flexible enough to be able to adapt to changes in the regulatory and statutory environment. The System of Governance is regularly reviewed and assessed to ensure it is appropriate given the nature, scale, and complexity of the risks inherent to the Company.

The R&Q Group (”the Group”) has adopted a Group System of Governance which provides the framework and guidelines within which the Company, a subsidiary solo entity within the Group, operates in the context of the Group structure, whilst meeting its own regulatory requirements on a stand-alone basis.

The Organisation Structure of the Company as at 31 December 2023 is as follows:



Board of Directors:

F-X Boisseau	Chair of Governing Body (SMF 9)
M McCaig	Non-Executive Director (SMF 10, SMF 11)
	(Chair of Risk and Compliance Committee SMF 10)
C Riseborough	Chief Executive Officer (SMF 1)
MJ Tilney	Chief Financial Officer (SMF 2)
RJ Finney	Executive Director (SMF 3)

Company Secretary: R&Q Central Services Limited

The Board meets quarterly and on an ad hoc basis. The key functions of the Board which is governed by its Terms of Reference are: Business Strategy; Business Plan; Culture; Risk Appetite; Investment Strategy; Company Policy Approval; Reserved Matters; to consider the status reports and proposals presented by Board Committees.

The Board is supported by two Board appointed committees:

- **Risk and Compliance Committee**

Committee is composed of Malcolm McCaig (Chair) and Francois Boisseau (INED), with reportees from Risk Management, Compliance and others as required. The Committee meets on a quarterly basis at least 1 week before the Board meeting.

The key functions of the Committee are to oversee the management of Risk, in accordance with Risk Appetite; Monitor the effectiveness of the Risk Management framework; Review risks inherent within Business Plan and adequacy of mitigation controls; Oversight of Emerging Risks; ORSA approval; Approval of the annual Compliance Plan; Monitor the level of compliance with Company Policy, law & regulations and oversee the actions taken to address non-compliance.

- **Audit Committee**

This Committee is composed of Malcolm McCaig (Chair), Francois Boisseau (INED), with reportees from Internal Audit, External Audit, CFO and others as required. The Committee meets on a quarterly basis at least 1 week before the Board meeting.

The key functions of the Committee are to oversee the actions and judgements of management in relation to the Company's financial statements and operating and financial reviews (including significant accounting policies and practices, significant financial reporting issues, estimates and decisions requiring a major element of judgement, and the extent to which the financial statements are affected by any significant or unusual transactions in the period and how they are disclosed); Approval of the annual Internal Audit Plan; Monitoring of remedial actions taken to address matters identified by Internal Audit; oversight of whistleblowing procedure and case resolution.

The Board of the Company is responsible for the oversight and governance of the run-off throughout the remaining period of the policies. No director has a conflict in acting as a director of the Company. The Board has also aligned the Company to the requirements of the Senior Managers and Certification Regime ("SMCR").

The Company is managed by its Board of Directors. The day-to-day management of the business is the responsibility of the CEO. To the extent functions are intragroup outsourced from Group Companies, the CEO has overall responsibility for oversight and monitoring of the outsourced functions.

Changes in the System of Governance

No significant changes in the system of governance, including the risk management system, occurred during the year under review.

Remuneration

Remuneration sits under the oversight of the Group Remuneration Committee. The Company is committed to ensuring that its practices promote the achievement of the overall aims and objectives of the Company, its financial stability and its risk management framework.

Independent Non-Executive Directors are remunerated on a fixed fee basis only, which is based on experience, responsibilities, and level of time commitment.

B.2 'Fit and Proper' Requirements

The Directors and Executive Management of the Group and its subsidiaries:

- Are professionally competent and capable to carry out their responsibilities and have demonstrated this through their experience and training.
- Are of sound moral character, behaviour, and conduct.

Assessments of fitness and propriety are carried out on an annual basis for Board members and key members of staff. Training needs and skills gaps are identified and addressed.

The Board ensures that the members collectively possess appropriate qualifications, experience, and knowledge about (as a minimum):

- Systems of Governance and Regulatory Framework
- Risk and Capital Management
- Actuarial and Reserving
- Financial analysis
- Mergers and Acquisitions

The assessment of the management and technical competence of an individual is based on their previous experience, knowledge, and professional standing, which demonstrates due skill, care, diligence, and compliance with the relevant standards of the area/sector they have worked in by reference to the relevant role description.

The assessment of reputation includes checks as to whether there are any reasons to believe, from past conduct, that an individual may not discharge his/her duties in line with applicable rules, regulations, and guidelines. Assessment is initially made prior to appointment to their role but is reassessed on a regular basis.

For each new regulated role, the company determines the skill sets and expertise required, and then assesses how these requirements are met through a gap analysis against the attributes of the individual candidates. A view is then taken on the overall suitability of the candidate and, to the extent there are perceived shortfalls, the suitability and timing of available training.

The continuing suitability of key roles is assessed annually after initial appointment in relation to the regulated entities. Any training needs are identified and addressed as part of this process.

B.3 Risk Management System including the Own Risk and Solvency Assessment

The Company's risk management framework seeks to support its business strategies, enabling it to select those risks that can enhance value creation, closely manage those risks that are unrewarded; optimise and protect its capital base; support decision making and protect its reputation and brand.

The Board ensures that the business implements risk policies, delivers the business plan within risk appetite and manages the Company's risk profile.

This is achieved through a combination of quantitative and qualitative risk management, realised through a mature risk culture, effective risk governance and risk transparency.

Risk Management strategies and processes

The Company adopts the Group's risk management framework which forms an integral part of the management and Board processes. This framework enables the Board to draw assurance that the risks to which the Company may be exposed to, are being appropriately identified and managed within its risk appetite, and that any risks that may present significant financial loss or damage to the Company's reputation are being minimised. This helps to ensure that the achievement of the Company's performance and objectives is not undermined by unexpected events.

Risk Governance and Culture

To achieve the Company's mission and goals, there is a strong 'tone at the top' that emphasises the importance of effective risk management, with operational management accountable for embedding risk in their own areas. The Group continues to adopt the "three lines of defence" governance model, both at Group and Company level, of which the risk management function forms part of. This is illustrated and explained below:

First Line of Defence

The first line of defence has primary decision-making authority at the “coalface”, and accordingly its focus is as follows:

- Operational decision making to execute and implement the Company’s strategic objectives;
- Facilitation and oversight of the Company’s business plan, including delivery against predetermined goals;
- Day to day management of business activities;
- Management of the risk profile of the business, in line with Board and stakeholder expectations.

The first line of defence includes the Board. In this context, the Board has ultimate accountability for risk management, the related control environment and for approving and reviewing any relevant risk policies, including risk appetite frameworks. In practice, responsibility is devolved to the relevant executive/functional committees, the Company’s Risk and Compliance Committee and Board.

Risk owners retain overall responsibility for managing the risks for which they are the designated owner, including those risks where some or all of the controls in place have a separate control owner (i.e., the operation of the control is in the charge of another manager).

Second Line of Defence

The second line of defence provides a key input into tactical and strategic decision making, and its overall focus is on the following:

- Provision of assurance to the Board that the risk profile, as represented in the risk register or otherwise, and the associated internal control framework is in line with Board and stakeholder expectations. Where it is not, appropriate actions with owners and timescales are proposed to bring it back into line with those expectations.

- Escalation of all material risk issues to the Risk and Compliance Committee and further to the Board, and where appropriate, the Group Risk & Compliance Committee and RQIH Board.

- Provision of input, challenge and oversight of first line decision making where appropriate, i.e., the input of risk and capital information to aid effective decisions.

Third Line of Defence

The third line of defence provides independent assurance and challenge across all business functions in respect of the integrity and effectiveness of both the risk management and internal control system.

The internal audit function is sourced in house within the Group and supplemented with third party professional resources as and when appropriate. It is responsible for independently assessing the effectiveness of the risk management processes and practices and for providing timely objective assurance on the control of risk.

Internal audit activity is carried out in accordance with an annual pre agreed audit plan

Risk Transparency

Underpinning the three lines of defence is risk transparency within and across the Group. This involves raising awareness and understanding of risk across the Company and Group, effective reporting of risk internally and appropriate disclosure risks to all interested stakeholders, internal and external.

Risk Appetite Framework

The Board recognises that a well-defined risk appetite supports business decision making and planning. The Board reviews and sets the risk appetite at least annually, and when there is a significant change in business strategy. Key risk indicators which support the risk appetite statements are monitored and reported on quarterly.

The risk appetite framework sets the boundaries within which risk taking should remain in order to meet the expectations of the capital providers and other stakeholders. For Inceptum, this is articulated via a series of quantitative and qualitative statements covering all categories of the risk universe (see '**Risk & Control Management Process'**).

Risk Policies

The Company adopts the Group's risk policy structure, tailoring the policies in regard to regulatory requirements, the Company's risk profile and the principles of proportionality. The Company's risk policies determine the way in which risks are to be managed and controlled. The Board ensures that the policies are reviewed regularly, at least annually, to reflect the changing business and regulatory environment.

The risk management function together with the respective business owners, Risk and Compliance Committee and Board, considers the applicability and magnitude of the relevant risk to the Company when deciding whether a specific policy is required. This assessment process takes in to account the Company's business profile and the local market and regulatory environment context.

Risk & Control Management Process

A key element of effective risk management is to ensure that the business has a complete understanding of the risks it faces.

The following diagram shows the risk management cycle, demonstrating the iterative nature of the risk management process, and is followed by a high-level explanation of the key steps and processes involved.

The identification, assessment, control/mitigation and monitoring of risk are continuous processes.

Risk Identification (new and emerging risks)

Risk identification seeks to identify those risks that may prevent the achievement of business objectives. The risk identification step also determines possible causes, potential consequences, and opportunities.

The Company is responsible for identifying risks to its business objectives and to periodically highlight any new risks that may be developing over time, or changes in existing risk levels such that they are reported and responded to appropriately.

Each risk, where appropriate, is assigned a risk and a delegated risk owner. Respective roles and responsibilities of risk owners and delegated risk owners are outlined later in this document.

All identified risks are recorded on the risk register which records the likelihood of occurrence, the expected impact and the mitigating controls in place. The risk register is a 'live' document and is updated each time a risk/mitigant/control is identified or changed.

Risk Assessment and Quantification

Following on is the assessment of the likely probability and impact of a risks event, by means of qualitative or quantitative measurement. This stage of the cycle involves the participation of the risk and delegated owners.

Risk Control and Mitigation

The level of each risk must then be managed or controlled down to a satisfactory level. This stage will not only involve both risk and control owners within the Company but also many other Group functions that are involved in undertaking control activities.

Reporting

It is critical that the relevant information for each key risk is seen by the "right people at the right time" across both the Company and Group. This information is provided by risk and control owners as they are closest to the issues and is reported on a regular, timely and consistent basis. Reporting is consolidated and/or reviewed by the Group's risk management function and then escalated up to senior management, the Risk and Compliance Committee and the Board.

Regular Reporting

Routine risk reporting consists of summary reports to the Risk and Compliance Committee and the Board. This contains summary information on changes to the risk profile, any significant issues arising out of the risk workshop process, any new emerging risks, significant risk management activity during the period under review and any movement in KRIs.

Review

Once the key business risks have been identified, assessed and are subject to controls throughout various parts of the business, it is important to ensure that these control/mitigation activities are operating effectively and that the risk and control scoring is valid. Assurance is provided over risks and controls by resources which are independent of line management, e.g., the Group's risk management or internal audit functions and local entity Risk and Compliance Committees and/or Boards.

Emerging Risks

The Company identifies its emerging risks as part of its Own Risk and Solvency Assessment ("ORSA") process as well as participating in the Group's Emerging Risk Focus Group facilitated by the risk management function. This is a multi-disciplinary focus group which meets tri-annually to identify, assess and monitor emerging risks. Consideration is not only given to new emerging risks and issues, but also to emerging elements of existing risks. Identified risks are then reviewed by the focus Group and developments are monitored via the emerging risks heatmap and are reported to the appropriate risk committee.

Environmental, Social, and Governance ("ESG") risks are considered as part of the emerging risk framework and as part of the work done by the Group ESG forum as well as the work carried out to meet the requirements of the Task Force on Climate-related Financial Disclosures.

Stress and Scenario Testing

The Company undertakes stress and scenario testing (including reverse stress testing) periodically, having regard to the likely impact on the organisation at varying return periods. The aim is to gain a better understanding of the risks faced by the Company under stressed conditions.

The results from stress and scenario tests provide an important input to the Own Risk and Solvency Assessment processes and the validation of the Company's regulatory capital.

Own Risk and Solvency Assessment

The ORSA process is owned by the Board (delegated to the Risk and Compliance Committee). An ORSA Report is provided to the Risk and Compliance Committee and Board, at least annually, and more frequently if circumstances dictate, to support its oversight and management of the identified risks of the company.

The ORSA process is fundamentally a continuous, embedded, forward-looking process, requiring the assessment of the entity's capital needs over a longer time planning horizon than the solvency capital requirement ("SCR"). The ORSA planning horizon is required to be three to five years. Furthermore, the ORSA is required to look at a range of outcomes in addition to the 1-in-200 return period.

How the ORSA is reviewed and approved

The ORSA process is owned, steered and challenged by the Board through the review and approval of those individual processes and outputs that underpin it. The primary elements of the capital & solvency assessment are core to the consideration in the growth of the legacy business and new portfolio transfers and are required by both the Board and the regulator prior to approval of same. The process is supported by Inceptum' s outsourced actuarial, capital management, risk and compliance services.

B.4 Internal Control System

The Company has an Internal Control Framework for the identification, measurement, management, and monitoring of internal controls. An effective Internal Control system is fundamental to the successful operation and day-to-day running of the Group's business, particularly as its activities expand. All staff continue to be made aware of their role within the Internal Control System.

The Company is committed to operating an effective Internal Control system with the following objectives:

- Effective and efficient operations
- Available & reliable financial and non-financial reporting
- Compliance with relevant legislation and regulations

Linkage with Risk Management Framework

The Internal Control Framework is linked with the Risk Management framework through each Risk in the Risk Register being allocated a series of mitigating controls, to bring the overall risk ratings to a level which are acceptable to the organisation, i.e. are within Risk Appetite and Tolerance limits.

In addition, Compliance function undertake compliance monitoring activities whereby thematic deep dive exercises are undertaken, whilst additionally there are "real-time" breaches data are recorded and monitored.

Last, as the third line of defence, Group Internal Audit provides independent assurance over whether the Group's risk management, compliance, and internal control processes are suitably designed and operating effectively.

Review of On-Going Appropriateness

The Internal Control Framework, along with the Risk Management Framework, is reviewed at least annually. Risk and Compliance Committee.

Operating Policies and Procedures

The Company has a comprehensive suite of Policy and Procedural documentation for each of its functional areas. The Governance function owns these documents and is responsible for reviewing these regularly (at least annually and/or whenever there is a material change if this occurs within the year).

B.5 Internal Audit Function

The Company is serviced by a Group Internal Audit ("GIA") function that provides independent assurance to the Audit Committee and Management that the organisation's risk management processes and control framework are operating effectively and efficiently, and that there is compliance with the relevant policies and procedures. In this regard GIA liaises with the Compliance and Risk Management Functions.

Authority

GIA, with strict accountability for confidentiality and safeguarding records and information, is authorised to have full, free, and unrestricted access to any of the Company's records, physical properties, and personnel pertinent to carrying out any assignment.

All employees are required to assist GIA in fulfilling its roles and responsibilities, and to engage openly and constructively with GIA and disclose information relevant to their work.

The Head of Internal Audit ("HIA") also has the right to attend and observe all or part of Executive Committee meetings and any other key management decision making forums (as may be required from time to time). In the event management is uncomfortable with GIA's access to certain documents requested, the HIA must bring such matters to the attention of the Chairman of the Company's Audit Committee, to assist with the information being released.

Reporting Lines

The primary reporting line for the HIA is to the Chair of the Company's Audit Committee. The Audit Committee is responsible for the appointment and removal of the HIA.

The HIA:

- Communicates and interacts directly with the Audit Committee and has direct access to its Chair and members in between Audit Committee meetings;
- Has the right of access to the Company's Chair and to any of its directors; and
- Has the responsibility to report promptly any significant issues to the Company's Audit Committee and has direct access to the Chairs of the Group's Board and Audit Committee.

All internal auditors have an exclusive reporting line through to the HIA.

Independence

GIA is independent of the Company's other functions, including those responsible for risk, compliance, governance and finance. All other functions may be subject to audit. GIA will therefore neither be responsible for, nor part of, Risk Management, Governance, Compliance or the Finance function, nor perform any function that is the responsibility of management.

The HIA will confirm to the Company's Audit Committee, at least annually, the organisational independence of GIA.

GIA has a process for managing and reporting conflicts of interest and there are safeguards to limit any impairment to independence or objectivity.

GIA is a Group function. As such, no member of GIA is employed by the Company or has any element of their remuneration directly linked to the results of the Company.

External Quality Assessment

At the request of the Group Audit Committee, and in accordance with best practice, GIA is subject to a periodic External Quality Assessment. Such a review was last undertaken in 2021. This review confirmed GIA's independence and that it was operating in conformance with the International Professional Practices Framework of the Institute of Internal Auditors.

Internal Audits Completed

In 2023, GIA issued seven final audit reports on Inceptum's operations and those of its service providers. It also monitored the progress of two group-wide projects. A further six audits were still in progress at the end of the year. Ten reviews relevant to Inceptum's operations were postponed to 2023 with the Audit Committee's approval.

All internal audit reports are presented to the Inceptum Audit Committee in full.

All draft reports are discussed with management to confirm their factual accuracy and the suitability of their proposed actions to address the issues raised. GIA tracks all actions and provides reports on the status of all open items to the Audit Committee. The reports to the Audit Committee include both matters specific to Inceptum and those relating to other group operations that have a bearing on Inceptum's internal control environment and so could expose the Company to risk.

Internal Audit Plan

An internal audit plan is developed based on GIA's independent risk assessment and prioritisation of the Audit Universe, including the input of senior management, the Board and regulators. The plan, which covers the period 1st of January to 31st of December, is submitted to the Audit Committee for approval. It is based on a three-year strategic cycle, as agreed with the Audit Committee, whilst maintaining flexibility to adapt to the business' needs as each year progresses.

The plan for the reporting period detailed the specific internal audits Inceptum would be subject to in the three years 2023 to 2025 inclusive. The rolling plan was approved by the Audit Committee and includes specific audits of the Company's control environment as well as audits of other Group operations that service the needs of Inceptum. The audit plan is reviewed quarterly and is based on the risk exposure to the business.

B.6 Actuarial Function

The Company's Actuarial Policy establishes and maintains an effective Actuarial Function as appropriate to the nature, scale and complexity of the Company and its risk profile.

The objective of the Actuarial Function is to establish and maintain appropriate procedures, processes and systems sufficient to allow the Company to reasonably estimate its insurance obligations and exposures and the related capital requirements, in line with applicable laws and recognised industry standards. The Actuarial Function coordinates the assessment and validation of internal data to determine the level of compliance with recognised standards for data quality and, if necessary, recommends improvements in Company procedures aimed at improving such compliance. Furthermore, the Actuarial Function reviews the integration of any relevant external data within the calculation of technical provisions, as may be appropriate and coordinates the process of validation of such external data, using the same criteria and standards applied to internal data.

The Actuarial Function should at all times be carried out by persons who are fit and proper to carry out the duties outlined below, in an objective manner and free from any undue influences.

The Board has outsourced the Actuarial Function to R&Q Central Services Ltd after having satisfied itself of the service provider's ability and capacity to perform the Actuarial Function satisfactorily.

During 2023, the Actuarial Function participated in Board meetings. In addition, the Actuarial Function is fully integrated in the due diligence process on the uptake of new business. The Actuarial functions reviews and reports upon the quarterly, and annual, actuarial valuations, both in terms of statutory reserves and the reserves based on the Solvency II valuation. In addition, it also acts as the liaison between the Board and the external independent actuaries.

The Actuarial Function is also fully integrated into ORSA process working alongside the Risk Management Function. It also confirmed the Company's SCR cover as at 31 December 2023.

B.7 Outsourcing

The Board of Directors of Gamma retains ultimate responsibility for discharging its obligations including where any of the functions are outsourced or intragroup outsourced.

The Company has entered into a number of outsourcing arrangements which are central to the operations and management of the Company. The firms as well as the individuals responsible for outsourced functions are listed in the following table

Entity	**Function**
R&Q Central Services Ltd	Operational Services including Claims and Reinsurance, Actuarial, Risk Management, Compliance, Internal Audit function
Conning Asset Management Limited	Investment Management

Outsourcing is included as a policy standard in the Company's Compliance Framework. The following are included as requirements

Prior to outsourcing an activity, the Executive of the Company proposing to outsource an activity must prepare a business case detailing the rationale, the cost-benefit analysis, the risks (business, operational, legal and regulatory) and how these will be mitigated; where appropriate, Procurement Management should be involved

For proposals to engage in 'Material Outsourcing', approval must be sought from and granted by the Company's Board; Material Outsourcing is defined as: "the outsourcing of business critical activities, the outsourcing of regulated activities, where the annual cost exceeds USD 70,000 where the failure of the service provider would cause material customer detriment, *or* where an external provider would be accessing and amending data directly in R&Q internal systems"

For proposals to engage in non-Material Outsourcing, approval may be sought from and granted by the Company's Executive or other equivalent governing body

Once approval has been obtained, and prior to the appointment of an outsourced service provider, the Executive of the Company must conduct appropriate due diligence to ensure the provider can provide the services to the required standards, has appropriate governance arrangements, can comply with relevant regulatory requirements, and operates within the risk tolerances of the Company

Due diligence of an outsourced service provider must include relevant financial crime checks and screening; such checks and screening must also be carried out with respect to business related counterparties (brokers, coverholders, intermediaries, reinsurers etc)

Once the due diligence has been conducted, and the Executive of the Company is satisfied that the provider can deliver the services, a contract (or other form of agreement) must be prepared; this must set out the services to be provided, the standards to be maintained, reporting requirements, oversight mechanisms, dispute resolution, payment, contract termination, access of auditors and regulators, and all other relevant matters. Legal assistance must be sought in respect of contracts relating to Outsourcing' to ensure appropriate governance of the outsourcing.

When choosing the service provider (including R&Q Group functions) for any critical or important operational functions or activities, the Company board should ensure that the service provider has adopted all means to ensure that no explicit or potential conflict of interest jeopardise the fulfilment of the needs of the Company.

Each outsourced service arrangement must have an assigned Executive responsible for effecting the arrangement, monitoring the performance of the provider, reporting the performance of the provider to the Company's Board (or other governing body), and resolving performance issues

Significant issues and failings on behalf of the provider must be reported promptly to the Board (or other governing body) and remedial action agreed and promptly undertaken

B.8 Any Other Information

There is nothing to report.

C: Risk Profile

The Company operates proportionate processes for identifying, assessing, monitoring, managing and reporting risks faced in both the short and medium / long term.

In conjunction with the Group, the Company maintains a risk register recording the results of its risk & control self-assessment process providing for an assessment of risk across defined categories in the Group's risk universe, as applied to Inceptum.

The risk register includes assessments both of those risks considered covered by own funds and those that are not (for example, liquidity risk) and details the controls applied to the management of these risks.

Material risks or material changes in the perception of actual or potential future risk arising will be reported to the Board together with recommended actions as appropriate.

Risk management is a core process within the Company's Own Risk and Solvency Assessment ("ORSA") policy.

The Company faces risks spanning a range of categories including, but not limited to, those categories of risk that are encompassed by the standard formula SCR and for which the holding of capital is considered an appropriate response. At a high level the Company considers risks within the following risk categories:

- Insurance Risk (including Reserve risk)
- Market Risk
- Credit Risk
- Liquidity Risk *
- Operational Risk (including Regulatory and Legal risks)
- Strategic Risk *
- Group Risk**

**Liquidity Risk, Strategic Risk and Group Risk are not explicitly considered by the Standard Formula SCR*
*** The material Group Risks that the Company is exposed to have been covered by Market Risk and Operational Risk*

There are a number of risks that are inherent in the Company's portfolio:

C.1 Insurance risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments, or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims including claims inflation. Accordingly, the objective of the Company is to ensure that sufficient reserves are available to cover its liabilities. The main insurance risks which impact the Company are:

Pricing Risk

This is the risk that the risk premium charged by the Company is inadequately priced, resulting in underwriting losses which in turn could lead to capital impairment.

Management and Mitigation:

At the underwriting stage a detailed due diligence process is performed by experienced outsourced providers on each portfolio under consideration. The due diligence process includes a review of notified claims outstanding, inuring reinsurance treaties in place and recoverability thereof, legal cases against the Company, policy information and asset values (if assets other than cash are to be taken over as part of the portfolio transfer). The Company also uses market information available to it on the classes of business being considered, in addition to any direct experience that the Company might have had on similar exposures.

An actuarial valuation of the business being taken over is performed, in order to assess the adequacy of claims incurred but not reported “IBNR” and the risk premium to be charged, if any.

Claims risk

This is the risk that claims are not appropriately adjusted or handled either by the company or its third-party claims handlers, leading to missed payments, delays in overall settlement and potential leakage of claims.

Management and Mitigation:

The Company has outsourced its claims handling to a specialised service provider who is contracted to investigate and adjust all claims. Claims are reviewed individually on a regular basis. The Company actively manages and pursues early settlement for claims to reduce its exposure to unpredictable developments.

Reinsurance risk

The risk that the reinsurers will dispute the coverage of losses and/or inadequate or inappropriate reinsurance cover, especially given the long-term nature of these risks. Indexation of the Company’s reinsurance retention will also affect the amount of reinsurance recoveries that may be claimed for periodical payment orders (PPOs) over time.

The QBE portfolio has no external reinsurances, only a 50% quota share planned arrangement with R&Q Re (Bermuda) Ltd. and an ADC cover excess of £65m with its sister company Accredited Insurance (Europe) Limited (“AIEL”).

Although the Company has reinsurance arrangements, this does not relieve it of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

Management and Mitigation:

The Company has reinsurance protections in place, which is with rated security, with amounts recoverable from reinsurers calculated in accordance with the reinsurance contracts, and in a manner consistent with the gross outstanding claims provisions. The status of the reinsurers is subject to frequent monitoring.

As mentioned earlier, the QBE UK reinsurance premium has been paid to R&Q Re Bermuda and set up in a trust as collateral.

The Board will approve the reinsurance assumed at the time a portfolio of business is written. In addition, the Board could decide to purchase additional reinsurance should it feel it appropriate to do so. Furthermore, the Board could also decide to commute certain treaties should it be considered beneficial to do so.

Reserving risk

This is the risk that the provisions established by the Company prove to be inadequate to cover its liabilities. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims including claims inflation.

The majority of the Company's claims reserves relate to claims which are subject to PPOs. PPOs require the Company to make regular and variable payments for many years to come. The key uncertainties arising from PPOs currently in payment relate to **inflation risk** of future claim payments, the future long-term investment return on the assets backing the reserves and longevity (**longevity risk)** of the claimants.

There is additional uncertainty regarding the possibility of new PPOs being awarded on claims which are currently classed as 'potential PPOs'. This possibility may be impacted by changes to the regulatory and legislative environment.

In addition, since the completion of the Part VII Transfers, Inceptum' s exposure now includes US APH business which has transferred in from WMG and which benefits from a full indemnity provided by the previous owner, The Commercial Union (now part of the Berkshire Hathaway Group), and employers' liability (EL) from QBE which benefits from an internal, 50% reinsurance arrangement provided by R&Q Re (Bermuda) Ltd and a higher-level ADC arrangement provided by R&Q's Maltese entity, AIEL

Management and Mitigation:

The risk exposure is mitigated by using methods to assess and monitor reserve risk exposures. The Company also has reinsurance as part of its risk mitigation programme. In addition to the reserving methodology in place on the known outstanding claims, the Company uses the services of professional actuaries to assist in the determination of the reserves that the Company holds.

C.2. Market Risk

The Company is exposed to market risk, through its financial assets, financial liabilities and insurance assets and liabilities. The key risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance risk. The investment strategy of the Company is managed by the Board and by implementing detailed investment guidelines. Investment performance is regularly monitored against market-based benchmarks.

The risk management policies employed by the Company to manage these risks are outlined below:

Interest Rate Risk:

In general, the Company is exposed to risk associated with the effects of fluctuations in the prevailing levels of market interest rates. Assets carrying variable rates expose the Company to cash flow interest rate risk. Assets carrying fixed rates expose the Company to fair value interest rate risk.
The Company manages this risk through the Board, and by implementing detailed investment guidelines. Investment performance is monitored against market-based benchmarks.

Inceptum' s investment portfolio is managed by a highly experienced investment manager, Conning, within agreed guidelines.

Spread Risk:

The risk relates to the Company's investment in bond funds and reflects potential volatility in credit spreads over risk free rates.

Management structures are in place to monitor all the Company's overall market positions and are reviewed on a quarterly basis by the Board. Detailed investment guidelines are in place with investment performance regularly monitored against market-based benchmarks.

Currency Risk:

The risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has become exposed to currency risk following the transfer of EUR assets and USD technical provisions following the Part VII Transfer. In line with its guidelines for investing in foreign currency the Company tries as far as possible to match its currency exposure on the assets and liabilities in order to minimise the exposure.

Market Concentration Risk

This risk relates to the default of individual counterparties including equities, bond funds, intra-group loans and properties. The Company mitigates any concentration risk by spreading investments over multiple counterparties.

Prudent Person Principle

The Company's investment management function ensures that its assets are invested in accordance with the investment guidelines reflecting the prudent persons principle, following external advice from service providers where required. The company monitors compliance with investment guidelines on a quarterly basis to ensure assets are being invested in accordance with prudent person principles.

C.3 Credit Risk

The risk of decreases in value when counterparties are not capable of fulfilling their obligations or when a change in their credit status takes place. Key areas where the Company is exposed to credit risk are:

- Investments and cash and cash equivalents
- Reinsurers' share of technical provisions

Management and Mitigation:

The Company will place limits on the level of credit risk undertaken from the main categories of financial instruments. These limits will also give due consideration of the solvency restrictions imposed by the relevant regulations. The investment strategy of the Company will consider the credit standing of its respective counterparties and control structures are in place to assess and monitor these risk thresholds.

The Company structures the levels of credit risk it accepts by limiting, as far as possible, its exposure to a single counterparty or groups of counterparties. The Company has in place internal control structures to assess and monitor credit exposures and risk thresholds.

The Company's cash is placed with quality financial institutions, thereby reducing the concentration of counterparty credit risk to an acceptable level.

There is a risk of reinsurers defaulting on recoverable balances and financial institutions holding the Company's cash assets defaulting. Reinsurance recoveries are evaluated each quarter for credit risk and existing bad debt provisions are evaluated as to adequacy. In addition, Inceptum' s reinsurance is placed with largely A+ and above rated companies or with collateral in place.

PPOs may require the business to make regular payments for many years to come, and there is therefore a potential risk that one or more of the Company's reinsurers may encounter financial problems some years into the future and therefore be unable to meet their obligations.

The Board believes that significant adverse credit risk development is unlikely. In making this assessment, the Board has considered the run-off of the Company, the security ratings of each reinsurer or reinsured, and the likely attitude of those from whom amounts will become due.

The Company recognises that the majority of its counterparty exposure is in respect of contracts over which it has no direct control and will therefore initially assess potential exposures and concentrations as part of due diligence in advance of accepting a new portfolio. In respect of run-off portfolios, the Company continues to monitor known significant concentrations of exposure to individual counterparties and considers the use of commutations (potentially on unfavourable terms) and / or the use of additional adverse development covers to mitigate the potential risk of default.

C.4 Liquidity Risk

This is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Company is exposed to regular calls on its available cash resources mainly from claims arising from insurance contracts.

Managing and Mitigation:

The cash position of the Company is monitored on a regular basis to ensure that sufficient funds are available to meet its liabilities as they fall due.

Funds required to meet immediate and short-term needs are invested in short term deposits. Funds in excess of short-term needs are managed by external fund managers whose performance is closely monitored throughout the year.

C.5 Operational Risk

This is the risk that the Company is adversely affected because its outsourced service providers, including intra-group services, fail to meet their service level agreements.

Regulatory and Legal Risk

The risk of changes in regulatory or legal environments lead to a change in the portfolio's liability profile and the risk of not having portfolio transfer applications approved in the timeframe expected. The Company has regular meetings with its regulator and closely monitors legal developments in relevant jurisdictions and any regulatory pronouncements.

Outsourcing Risk

The risk that the Company is adversely impacted from the failures of its outsourced service providers, including intra-group services, failing to meet their service level agreements.
The Company has regular formal performance review meetings with major outsourced service providers and measures against service level agreements, both internal and external.

In addition, for intra-group services, a suite of key performance indicators has been developed and has been implemented to monitor performance of the services provided. Reports are presented to the Board on a regular basis, and these include the monitoring of services from claims handling, finance, actuarial, capital management, risk, compliance and internal audit.

Business Continuity Risk:

The risk that an external event affects the operation of the Group's operational infrastructure or office locations. The Company benefits from the Group's business continuity and disaster recovery plans which are regularly tested.

Cyber Risk:

The risk that the Company is adversely affected by data loss, theft of Intellectual property or financial loss as a result of cyber-attacks. The Company outsources the management of its IT and Cyber security to R&Q Central Services Limited (UK) who employs a Chief Information Security Officer who is responsible for ensuring that the threat of a cyber-attack is minimised. Various software and controls are deployed to mitigate the threat including, but not limited to:

- Varonis for data management
- Exabeam for intrusion detection system (IDS)
- Mimecast for email management for prevention and protection against phishing spam etc.
- DMAC through Mimecast for domain authentication, anti-spoofing and anti-impersonation.
- Cybergraph through Mimecast for Phishing and spam notification banners to end user emails
- MFA for multifactor authentication for Office 365
- SNOW for hardware and software asset management
- Kiteworks for secure file transfer
- Trellix for anti-virus and endpoint protection
- RSA for 2FA for remote access
- Penetration testing for vulnerability management
- Darktrace using AI and machine learning with automated responses for prevention and remediation of risks and threats.

C.6 Other Material Risks

There are three risk categories not explicitly considered in the standard formula SCR, being liquidity (mentioned above), strategic and group risk. It is the view that the capital that would be held for these categories of risk would be immaterial as a proportion of the company's overall capital, and these risks are managed in the risk framework in the same way as the other risk categories, by operating appropriate controls to reduce the inherent risk to an agreed residual level.

Strategic Risk

The material strategic risk the Company faces is the potential inability to identify and complete the purchase /transfer of suitable run-off books of business in--line with its business plan, either due to a lack of pipeline of new deals, regulatory constraints, or other considerations. This risk is mitigated by a dedicated team to seek new business, and regular interaction with the regulator. The risk is actively reviewed and there is an intensive and thorough due diligence process for potential deals.

Group Contagion Risk

This comprises the risk that adverse events or circumstances affecting one or more business units or entities damage the solvency, liquidity, results or reputation of other entities or the overall group. These risks are not directly referenced in the capital model and its outputs for this Company. Their impacts are assessed and communicated through qualitative assessment / narratives and the use of scenarios rather than attempting to assign simple probabilistic assessments.

During 2023, the Group announced the proposed sale of its Program management business, which was subsequently approved by a shareholder vote on the 11 January 2024. The Group is working towards obtaining the necessary lender and regulatory consents. In addition, the Group's main regulator, the BMA has commissioned independent reviews of the Group's reserves and its liquidity position. Furthermore, until these reviews have been completed, the BMA have placed a temporary moratorium on the approval of any new legacy transactions. The UK Prudential Regulation Authority have taken a similar stance.

As a result of the uncertainty surrounding the sale and regulatory reviews, the propensity for contagion and execution risks has been heightened, with impacts to the Company's solvency and liquidity position.

The Company does not consider there to be any other material risks not covered in C1 to C5 above.

C.7 Any other information

There is no further information applicable, all material information is disclosed in sections C.1 to C.6 above.

D: Valuation for solvency purposes

D.1 Assets

The following table analyses the Company's assets at fair value and Solvency II value at 31 December 2023.

Assets £m	Solvency II Value	Adjustment	UK GAAP Value
Investments, including accrued interest	41.8	-	41.8
Reinsurance recoverables	82.0	(1.2)	80.8
Reinsurance receivables	2.12	-	2.12
Cash	3.9	-	3.9
Other assets	-	-	-
Total Assets	**129.9**	**(1.2)**	**128.7**

The only assets that are valued differently under Solvency II are Reinsurance recoverables, other than the adjustments noted in the table above the valuation principles applied to these assets are the same as those used in the UK GAAP financial statements, notably:

- Investments in Government and Corporate Bonds – these are quoted instruments in active markets. An active market exists where transactions occur frequently enough to provide pricing information on an ongoing basis. Market prices as at 31 December 2023 have been applied. There are no unlisted investments held by the Company.
- Reinsurance recoverables – On a UK GAAP basis are discounted in respect of PPOs and potential PPOs using an expected return on assets. For Solvency II purposes, recoveries are discounted at the prescribed EIOPA risk free discount rate which is lower than the rate used for UK GAAP.
- Reinsurance receivables – valued at the amount accrued at the period end.
- Cash and Cash Equivalents – valued at the amount held at the period end, translated using the year-end exchange rate where appropriate.
- No deferred tax assets have been recognised on a UK GAAP or Solvency II basis. Deferred tax is recognized based on temporary differences in the valuation of assets and liabilities in the Solvency II balance sheet and its tax base. Deferred tax assets are recognized to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

D.2 Technical Provisions

The Solvency II Technical Provisions have been calculated in accordance with the Delegated Regulations (EU2015/35) as adopted by the European Commission on 10 October 2014.
The Technical Provisions comprise the Best Estimate of the Liabilities ("BEL") and the Risk Margin.

At 31 December 2023, the Technical Provisions were:

Class (Non-Life) - £000s	**Gross Best Estimate**	**Risk Margin**	**Best Estimate RI Share of Technical Provisions**	**Net Technical Provisions**
Workers' Compensation	61,469	1,601	(36,242)	26,829
Direct Motor Vehicle Liability	27,064	90	(25,232)	1,922
Direct Motor – Other	1	-	-	1
General Liability Insurance	3,003	75	(2,015)	1,062
Total Undiscounted	**91,536**	**1,766**	**(63,488)**	**29,813**
SII Expenses	2,044	-	-	2,044
ENIDs	773	-	-	773
Discount	(34,255)	-	26,232	(8,023)
Bad Debt	-	-	24	24
Reinstatement Premium	-	-	-	-
Total Discounted	**60,098**	**1,766**	**(37,233)**	**24,631**

Class (Life) - £000s	**Gross Best Estimate**	**Risk Margin**	**Best Estimate RI Share of Technical Provisions**	**Net Technical Provisions**
Direct Motor	-	-	-	-
Direct Motor Vehicle Liability	-	-	-	-
Life Annuity	112,111	156	(108,158)	4,109
Total Undiscounted	**112,111**	**156**	**(108,158)**	**4,109**
SII Expenses	103	-	-	103
ENIDs	-	-	-	-
Discount	(65,418)	-	63,259	(2,158)
Bad Debt	-	-	118	118
Reinstatement Premium	-	-	-	-
Total Discounted	**46,797**	**156**	**(44,780)**	**2,173**
Total Net SII Provisions (Life & Non-Life)				**26,803**

Methodology

The Technical Provisions have been provided by the Actuarial Function which are deemed appropriate and sufficient In determining the TP Claims Provisions, the UK GAAP reserves are adjusted for:

- Events Not In Data ("ENIDs").
- Additional expenses and Bad Debt.
- Discounting (rates as advised by PRA).

There are no future premium cash-flows within the Claims TPs.

Comparison to Financial Statements

The table below shows the differences between the TPs held in the financial statements and those calculated for Solvency II:

Technical Provisions - 31/12/23		
		£000s
GAAP	Discounted Net Claims Reserves	26,695
	Discounting	9,054
Total Undiscounted Net UK GAAP Provisions (Excl Bad Debt)		**35,749**
SII Adjustments	ENIDs	773
	Stochastic RI	(3,567)
	Additional Expenses	2,148
	Bad Debt	142
	Other UK GAAP Adjustments	(224)
	SII Discounting	(1,086)
	Risk Margin	1,922
Total Adjustments		**108**
Total Net SII Provisions (Life & Non-Life)		**26,803**

Material differences are highlighted below.

- **GAAP Discounted Net claims Reserves:**
  Additional RI – to capture the inherent volatility on an ADC contract, the actuaries performed a stochastic analysis to derive our RI reserve for SII TPs. This increased the SII TP RI reserve by £3.6m.
- **ENIDs**

  To allow for the occurrence of all possible future outcomes under Solvency II, ENIDs have been considered. ENIDs represent low frequency, high-cost events which are not represented within historical data, therefore must be estimated explicitly. A simple percentage approach is taken to estimating ENIDs due to the nature of the run-off reserves and the reinsurance mitigation available on the programme business.

- **BBNI and Future Premium Reserves**

  For Solvency II TPs the Company must calculate the premium and claims cashflows of contracts to which it is legally obliged, whether these contracts have incepted or not (bound but not incepted, "BBNI"). The calculation of these cash-flows generates future premium reserves for both incepted and unincepted contracts.

- **Expenses**

  The Company does not hold a provision for ULAE within the UK GAAP reserves as it is considered that investment income will be more than sufficient to cover these costs. For Solvency II TPs, the discounted cashflows associated with the estimated cost of running all claims off to finality is required to be included in the TPs. A figure was provided by Finance and validated against a two-year average of expected expenses paid as a percentage of net claims paid methodology in estimating SII additional expenses.

- **Discounting**

  Solvency II best estimates represent the probability weighted average value of all future cash flows, discounted to allow for the time value of money.

  Discounting has been carried out in accordance with PRA guidelines. Yield curves have been provided by PRA. Claim payment patterns used for discounting provisions were derived from the gross claim projections. Claims payment patterns are determined for each currency and currency specific discount rates have been used.

  ULAE (required within SII) is discounted assuming the same underlying payment pattern as gross claims to which the expense has been allocated. Reinsurance recoveries are assumed to mirror gross payments.

- **Risk Margin**

  Currently the risk margin is calculated on a simplified cost of capital approach (method 3). As this portfolio consists of both life and non-life components with materially different payment profiles, these components of the SCR have been run-off separately in order to determine the risk margin. The SCR relating to the written and obliged business is run off using best estimate net discounted cash flows adjusted for future premiums, ENIDs and ULAE allocated to each payment profile. The cost of capital of 6% is then applied to the aggregate SCR and discounted without liquidity premium to give the risk margin. This approach runs off the SCR in proportion to the 0.75th root of expected run-off of technical provisions. The simplified method has been chosen due to the maturity of the Company and the nature of the exposures.

  The SF model risk margin is calculated using the same approach to the simplified method 3.

- **Uncertainty**

  There is always uncertainty associated with the estimation of TPs. Future development can and does differ from experience.

Other Information

The data used to determine TPs is complete and accurate and appropriate for purpose as assess in accordance with Article 19 of Directive 2009/138/EC.
In assessing the TPs, there is no matching adjustment (Article 77b of Directive 2009/138/EC), no volatility adjustment (Article 77d of Directive 2009/138/EC), no transitional risk-free interest rate-term structure (Article 308c of Directive 2009/138/EC) and no transitional deduction (Article 308d of Directive 2009/138/EC).

The Company took advantage of simplification on counterparty default risk on pooling arrangements under Article 109 of the Delegated Regulation 2015/35.

D.3. Other Liabilities

For other liabilities the amounts in the UK GAAP financial statements are materially equivalent to the values required by Solvency II which are on a fair value basis without any adjustment for change in own credit standing.

No changes have been made to the recognition and valuation bases used for liabilities or to estimates during the reporting period.

D.4 Alternative Methods for Valuation

The Company does not use any alternative methods for valuation.

D.5 Any Other Information

There is no further information applicable, all material information is disclosed in sections D.1 to D.4 above.

E. Capital Management

E.1 Own funds

The Company's objectives when managing capital are to:

- Comply with the insurance capital requirements to hold Eligible Own Funds to cover the SCR and Minimum Capital Requirement ("MCR").
- Safeguard the Company's ability to continue as a going concern and provide returns for shareholders and benefits for other stakeholders.
- Maintain financial strength to support new business growth and to provide for the capital requirements of the Company; and

The Company aims to ensure that its 'own funds' consists of 'tier 1', 'tier 2' and 'tier 3' capital as defined by Solvency II Directive. The Company's own funds shall take the form of:

- Ordinary Share Capital.
- Retained Earnings.

In order to maintain or adjust the capital structure, the Company may issue new shares or capitalise contributions received from its shareholders. There were no changes over the period.

Own funds have moved as follows:

	Total
	£000s
Basic own funds at 1 January 2023	**20,889**
Movement in excess of assets over liabilities	(1,430)
Basic own funds at 31 December 2023	**19,459**

	Tier 1	**Tier 2**	**Total**
	£000s	**£000s**	**£000s**
Basic own funds	**19,459**	**-**	**19,459**
SCR			**11,244**
MCR			3,495
Total available own funds to meet SCR and MCR	**-**	**-**	**19,459**
SCR Cover			**173%**
MCR Cover			557%

Ordinary Shares

The share capital is made up of Ordinary shares.

Available Own Funds to Cover SCR and MCR

In assessing the Solvency cover, the Board considers the available own funds to be a significant driver. The Company is in a position to cover the SCR fully with its Tier 1 capital.

Reconciliation between Solvency II excess of assets over liabilities and Equity as per UK GAAP:

	£000s
Excess of assets over liabilities as per SII	**19,459**
RI Recoverable	(1,210)
Other assets	(145)
Difference in value of Discounted Net TP	1,317
Other Liabilities	-
Equity as per UK GAAP	**19,420**

E.2 Solvency Capital Requirement and Minimum Capital Requirement

The Company uses the standard formula to calculate its SCR which at the end of the reporting period is £11,244k (2022: £13,528k). The MCR is £3,495k (2022: £3,445k).

The table below shows the components of the SCR (using the Standard Formula).

Inceptum SCR	**31/12/2023**	**31/12/2022**
	£'000s	**£'000s**
Non-life underwriting risk	532	706
Life underwriting risk	140	126
Market risk	3,874	7,601
Health underwriting	6,841	6,114
Counterparty default risk	1,134	981
Undiversified SCR	**12,522**	**15,528**
Diversification Credit	(3,292)	(4,087)
Operational risk	2,014	2,087
SCR	**11,244**	**13,528**
MCR	3,495	3,445

USP and Simplifications

We have applied simplified approaches in determining the SCR for Inceptum as at year end 2023 in line with the nature, scope and complexity of its risk profile. We believe these simplifications are in line with Article 88 of the Delegated Acts on proportionality. The simplified approaches were applied to:

- The determination of counterparty default risk; and
- The allocation of Technical Provisions to solvency II class and region, for each class.

In determining the SCR for Inceptum no application of Undertaking Specific Parameters was incorporated.

The MCR is determined as prescribed in the 'Commission Delegated Regulation (EU) 2015/35 of 10 October 2014', where for Inceptum, as at year end 2020 reflects the Absolute Floor MCR.

E.3 Use of the Duration Based Equity Risk

This is not applicable to the Company.

E.4 Differences between the Standard Formula and any Internal Model used

This is not applicable as the Company uses the Standard Formula.

E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

Inceptum was compliant with MCR and SCR at all times during the period and is also projected to be compliant over the business planning horizon.

E.6 Any other information

There is no additional information which the Directors consider should be disclosed regarding capital management of the Company, other than that in section E.1 to E.5.

F. Approval by the Board of Directors of the Solvency and Financial Condition Report

STRATEGY | INNOVATION | EXPERTISE

R&Q

Inceptum Insurance Company Limited

Prudential Regulation Authority
Bank Buildings
8 Lothbury
London
EC2R 7HH

28th March 2024

In relation to Inceptum Insurance Company Limited

We certify that:

1. the Solvency and Financial Condition Report ("SFCR") has been properly prepared in all material aspects in accordance with the PRA rules and Solvency II Regulations; and

2. we are satisfied that:

   a) througout the financial year in question, the company has complied in all material respects with the requirments of the PRA rules and Solvency II Reports as applicable to the company; and
   b) it is reasonale to believe that, at the date of the publication of the SFCR, the Company has continued so to comply, and will continue so to comply in future.

....

Mark Tilney
Finance Manager
For and on behalf of the Board of Directors
Date: 28th March 2024

www.rqih.com

Inceptum Insurance Company Limited
71 Fenchurch Street, London EC3M 4BS
Telephone: +44 (0) 20 7780 5850
Facsimile: +44 (0) 20 7780 5851

Registered in England & Wales No. 03581552
Registered Office: 71 Fenchurch Street, London EC3M 4BS
Inceptum Ins Company Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority

Appendix 1 – ARTs Forms

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	
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)	41,830
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*	41,830
R0140	*Government Bonds*	6,678
R0150	*Corporate Bonds*	34,371
R0160	*Structured notes*	0
R0170	*Collateralised securities*	781
R0180	*Collective Investments Undertakings*	0
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:	82,013
R0280	*Non-life and health similar to non-life*	37,233
R0290	*Non-life excluding health*	10,715
R0300	*Health similar to non-life*	26,518
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	44,780
R0320	*Health similar to life*	0
R0330	*Life excluding health and index-linked and unit-linked*	44,780
R0340	*Life index-linked and unit-linked*	0
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	
R0370	Reinsurance receivables	2,092
R0380	Receivables (trade, not insurance)	24
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	3,956
R0420	Any other assets, not elsewhere shown	
R0500	**Total assets**	129,914

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	61,864
R0520	*Technical provisions - non-life (excluding health)*	13,013
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	12,848
R0550	*Risk margin*	165
R0560	*Technical provisions - health (similar to non-life)*	48,850
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	47,249
R0590	*Risk margin*	1,601
R0600	Technical provisions - life (excluding index-linked and unit-linked)	46,953
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)*	46,953
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	46,797
R0680	*Risk margin*	156
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
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	79
R0840	Payables (trade, not insurance)	1,560
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	
R0900	**Total liabilities**	110,456
R1000	**Excess of assets over liabilities**	19,459

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)			Total
		Motor vehicle liability insurance	Other motor insurance	General liability insurance	
		C0040	C0050	C0080	C0200
	Premiums written				
R0110	Gross - Direct Business				0
R0120	Gross - Proportional reinsurance accepted				0
R0130	Gross - Non-proportional reinsurance accepted				0
R0140	Reinsurers' share			15	15
R0200	Net	0	0	-15	-15
	Premiums earned				
R0210	Gross - Direct Business				0
R0220	Gross - Proportional reinsurance accepted				0
R0230	Gross - Non-proportional reinsurance accepted				0
R0240	Reinsurers' share				0
R0300	Net	0	0	0	0
	Claims incurred				
R0310	Gross - Direct Business	-100		-6,075	-6,175
R0320	Gross - Proportional reinsurance accepted				0
R0330	Gross - Non-proportional reinsurance accepted				0
R0340	Reinsurers' share	-97		-3,037	-3,134
R0400	Net	-3	0	-3,037	-3,040
	Changes in other technical provisions				
R0410	Gross - Direct Business	20	-178	-4,736	-4,894
R0420	Gross - Proportional reinsurance accepted				0
R0430	Gross - Non-proportional reinsurance accepted				0
R0440	Reinsurers' share	-49	79	3,580	3,610
R0500	Net	69	-257	-8,316	-8,504
R0550	**Expenses incurred**	1	4	800	805
R1200	**Other expenses**				
R1300	**Total expenses**				805

S.05.01.02

Premiums, claims and expenses by line of busines:

Life

		Line of Business for: Health insurance	Total
		C0210	C0300
	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	-10,341	-10,341
R1620	Reinsurers' share	-10,037	-10,037
R1700	Net	-305	-305
	Changes in other technical provisions		
R1710	Gross	2,118	2,118
R1720	Reinsurers' share	-5,031	-5,031
R1800	Net	7,149	7,149
R1900	**Expenses incurred**	108	108
R2500	**Other expenses**		
R2600	**Total expenses**		108

S.05.02.01
Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010								
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business							0
R0120	Gross - Proportional reinsurance accepted							0
R0130	Gross - Non-proportional reinsurance accepted							0
R0140	Reinsurers' share							0
R0200	Net	0						0
	Premiums earned							
R0210	Gross - Direct Business							0
R0220	Gross - Proportional reinsurance accepted							0
R0230	Gross - Non-proportional reinsurance accepted							0
R0240	Reinsurers' share	15						15
R0300	Net	-15						-15
	Claims incurred							
R0310	Gross - Direct Business	-6,175						-6,175
R0320	Gross - Proportional reinsurance accepted							0
R0330	Gross - Non-proportional reinsurance accepted							0
R0340	Reinsurers' share	-3,134						-3,134
R0400	Net	-3,040						-3,040
	Changes in other technical provisions							
R0410	Gross - Direct Business	-4,894						-4,894
R0420	Gross - Proportional reinsurance accepted							0
R0430	Gross - Non-proportional reinsurance accepted							0
R0440	Reinsurers' share	3,610						3,610
R0500	Net	-8,504						-8,504
R0550	**Expenses incurred**	805						805
R1200	**Other expenses**							
R1300	**Total expenses**							805

S.05.02.01

Premiums, claims and expenses by country

Life

		C0150	C0160	C0170	C0180	C0190	C0200	C0210
		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations			Top 5 countries (by amount of gross premiums written) - life obligations		Total Top 5 and home country
R1400								
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
	Premiums written							
R1410	Gross							0
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	-10,341						-10,341
R1620	Reinsurers' share	-10,037						-10,037
R1700	Net	-305						-305
	Changes in other technical provisions							
R1710	Gross	2,118						2,118
R1720	Reinsurers' share	-5,031						-5,031
R1800	Net	7,149						7,149
R1900	**Expenses incurred**	108						108
R2500	**Other expenses**							
R2600	**Total expenses**							108

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						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						0
	Technical provisions calculated as a sum of BE and RM																
	Best estimate																
R0030	**Gross Best Estimate**								46,797	0	46,797						0
R0080	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default								44,780	0	44,780						0
R0090	Best estimate minus recoverables from reinsurance/SPV and Finite Re								2,017	0	2,017		0	0			0
R0100	**Risk margin**								159	0	159						0
	Amount of the transitional on Technical Provisions																
R0110	Technical Provisions calculated as a whole										0						0
R0120	Best estimate										0						0
R0130	Risk margin										0						0
R0200	**Technical provisions - total**								46,956	0	46,956	0					0

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance				Total Non-Life obligation
		Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	General liability insurance	
		C0040	C0050	C0060	C0090	C0180
R0010	**Technical provisions calculated as a whole**	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
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default					0
R0150	**Net Best Estimate of Premium Provisions**	0	0	0	0	0
	Claims provisions					
R0160	Gross	47,249	10,131	0	2,717	60,098
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	26,518	8,964		1,751	37,233
R0250	**Net Best Estimate of Claims Provisions**	20,731	1,167	0	966	22,865
R0260	**Total best estimate - gross**	47,249	10,131	0	2,717	60,098
R0270	**Total best estimate - net**	20,731	1,167	0	966	22,865
R0280	**Risk margin**	1,601	90	0	75	1,766
	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**	48,850	10,222	0	2,791	61,864
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**	26,518	8,964	0	1,751	37,233
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**	22,332	1,258	0	1,040	24,631

S.19.01.21
Non-Life insurance claims

Total Non-life business

Z0020 **Accident year / underwriting year** Underwriting Year

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

	Year	C0010 0	C0020 1	C0030 2	C0040 3	C0050 4	C0060 5	C0070 6	C0080 7	C0090 8	C0100 9	C0110 10 & +	C0170 In Current year	C0180 Sum of years (cumulative)
R0100	Prior											707	707	707
R0160	2014	0	0	0	0	0	0	0	0	0	0		0	0
R0170	2015	0	0	0	0	0	0	0	0	0			0	0
R0180	2016	0	0	0	0	0	0	0	0				0	0
R0190	2017	0	0	0	0	0	0	0					0	0
R0200	2018	0	0	0	0	0	0						0	0
R0210	2019	0	0	0	0	0							0	0
R0220	2020	0	0	0	0								0	0
R0230	2021	0	0	0									0	0
R0240	2022	0	0										0	0
R0250	2023	0											0	0
R0260												**Total**	707	707

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year	C0200 0	C0210 1	C0220 2	C0230 3	C0240 4	C0250 5	C0260 6	C0270 7	C0280 8	C0290 9	C0300 10 & +	C0360 Year end (discounted data)
R0100	Prior											30,979	12,848
R0160	2014	0	0	0	0	0	0	0	0	0	0		0
R0170	2015	0	0	0	0	0	0	0	0	0			0
R0180	2016	0	0	0	0	0	0	0	0				0
R0190	2017	0	0	0	0	0	0	0					0
R0200	2018	0	0	0	0	0	0						0
R0210	2019	0	0	0	0	0							0
R0220	2020	0	0	0	0								0
R0230	2021	0	0	0									0
R0240	2022	0	0										0
R0250	2023	0											0
R0260												**Total**	12,848

S.23.01.01

Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	10,000	10,000		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	9,459	9,459			
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**	19,459	19,459	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	19,459	19,459	0	0	0
R0510	Total available own funds to meet the MCR	19,459	19,459	0	0	
R0540	Total eligible own funds to meet the SCR	19,459	19,459	0	0	0
R0550	Total eligible own funds to meet the MCR	19,459	19,459	0	0	
R0580	**SCR**	11,244				
R0600	**MCR**	3,495				
R0620	**Ratio of Eligible own funds to SCR**	173.06%				
R0640	**Ratio of Eligible own funds to MCR**	556.82%				
	Reconcilliation reserve	C0060				
R0700	Excess of assets over liabilities	19,459				
R0710	Own shares (held directly and indirectly)	0				
R0720	Foreseeable dividends, distributions and charges					
R0730	Other basic own fund items	10,000				
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0				
R0760	**Reconciliation reserve**	9,459				
	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				

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	3,874		
R0020	Counterparty default risk	1,134		
R0030	Life underwriting risk	140		
R0040	Health underwriting risk	6,841		
R0050	Non-life underwriting risk	532		
R0060	Diversification	-3,292		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	9,230		

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

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	2,014
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**	11,244
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	11,244
	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

S.28.01.01

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

	Linear formula component for non-life insurance and reinsurance obligations	C0010
R0010	MCR_{NL} Result	2,417

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	
R0030	Income protection insurance and proportional reinsurance	0	
R0040	Workers' compensation insurance and proportional reinsurance	20,731	
R0050	Motor vehicle liability insurance and proportional reinsurance	1,167	
R0060	Other motor insurance and proportional reinsurance	0	
R0070	Marine, aviation and transport insurance and proportional reinsurance	0	
R0080	Fire and other damage to property insurance and proportional reinsurance	0	
R0090	General liability insurance and proportional reinsurance	966	
R0100	Credit and suretyship insurance and proportional reinsurance	0	
R0110	Legal expenses insurance and proportional reinsurance	0	
R0120	Assistance and proportional reinsurance	0	
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	
R0140	Non-proportional health reinsurance	0	
R0150	Non-proportional casualty reinsurance	0	
R0160	Non-proportional marine, aviation and transport reinsurance	0	
R0170	Non-proportional property reinsurance	0	

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

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
R0210	Obligations with profit participation - guaranteed benefits		
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	2,417
R0310	SCR	11,244
R0320	MCR cap	5,060
R0330	MCR floor	2,811
R0340	Combined MCR	2,811
R0350	Absolute floor of the MCR	3,495
R0400	**Minimum Capital Requirement**	3,495