Solvency and Financial Condition Report (SFCR)

Financial Year End: March 31, 2022

ARGUS
Our Interest is You.

Argus Insurance Company (Europe) Ltd.

Our Vision

To give more and more people the freedom to do what matters most.

Our Mission

To provide financial services which predict and protect for the future, always ensuring **"Our Interest is You"**.

Our Purpose

At Argus, our purpose is to deliver long-term sustainable returns to our shareholders through exceptional customer service, delivered by engaging and motivating our staff. **"Our Interest is You"** spans across all stakeholders as we seek to provide exceptional value through the solutions and services that we offer.

Our Values

Integrity
Fairness
Excellence
Respect
Professionalism
Teamwork

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EXECUTIVE SUMMARY

Argus Insurance Company (Europe) Limited (AICEL or the Company) is registered and domiciled in Gibraltar and licensed by the Gibraltar Financial Services Commission under the Financial Services Act 2019. It is a wholly-owned subsidiary of Argus Group Holdings Limited (Group) based in Bermuda. AICEL offers a broad range of high quality general insurance products to both commercial and individual clients. Our range of products is distributed both directly and through selected intermediaries. The Company underwrites risks in both Gibraltar and Malta.

The purpose of this report is to satisfy the public disclosure requirements of the Financial Services (Insurance Companies) Regulations 2020 and to provide, a qualitative and quantitative overview of the control environment that the Company operates within, and the methodology used when calculating the solvency margin. The report provides the elements of the disclosure that relate to business performance, governance, risk profile, solvency and capital management.

At Argus, we focus on providing real benefit to our customers by delivering market-leading innovative solutions and high quality service of excellent value. Delivering on our brand promise "Our Interest is You" is core to our culture and central to our role as a trusted partner in navigating through everyday challenges and supporting long-term success.

AICEL delivered positive results for the financial year ended March 31, 2022 with gross premiums written of £20.2 million compared to £18.0 million for the year ended March 31, 2021, an increase of £2.2 million or 12 percent. We reported profit before tax for the year of £1.1 million, compared to £1.7 million for the year ended March 31, 2021, a decrease of £0.6 million. The Company has exceeded the Solvency Capital Requirements (SCR) and the Minimum Capital Requirements (MCR) throughout the year.

AICEL's focus is to ensure long-term sustainability. We continue to develop strong relationships with key brokers, expand in profitable product lines, focus on client retention and growth, as well as explore opportunities for product diversification.

AICEL established a registered overseas third country branch in Malta (**Malta Branch**) in order to continue to underwrite business in Malta post-Brexit. The Malta Branch replaced AICEL's wholly-owned insurance agency subsidiary business in Malta, Argus Insurance Agencies Limited which was dissolved on 21 March 2022.

The Solvency II balance sheet and SCR for the Company are reported quarterly. The calculation of the SCR has been outsourced to the Group's Actuarial function and is calculated bi-annually using the Standard Formula model.

The Solvency II balance sheet requires specific valuation rules to be applied, meaning that there are differences between the Solvency II balance sheet and that reported in the Company's annual statutory financial statements. These differences are detailed in Sections 6 and 9.

The table below shows overall net assets on a statutory financial statement (or Statutory) and Solvency II basis:

£000	Statutory Accounts	Solvency II
Total Assets	43,637	38,353
Total Liabilities	29,585	24,593
Own Funds	14,052	13,760

The Company has continuously complied with all aspects of the Solvency II regulations from the date of first implementation on January 1, 2016.

Alison Hill
Director
Date 7 July 2022

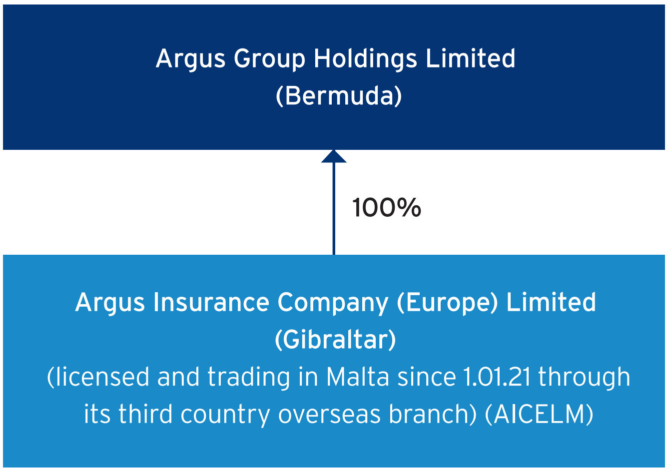
Tyrone Montovio
Director
Date 7 July 2022

1 BUSINESS & PERFORMANCE

1.1 Business and external environment

Argus Insurance Company (Europe) Limited is a Gibraltar company that is 100 percent owned by Argus Group Holdings Limited, a Bermuda company.

Argus Group Simplified Organisational Structure



The principle activities of the Company are Insurance and Risk Management.

Name of the Undertaking:	Argus Insurance Company (Europe) Limited Suite C Regal House, 3 Queensway, Gibraltar, GX11 1AA Tel: + 350 200 79520 Fax: + 350 200 70942 Company Registration Number – 01862
Lines of Business:	Motor (Liability and Other) Property Marine Liability Accident
Financial Supervisory Authority:	Gibraltar Financial Services Commission PO Box 940, Suite 3, Ground Floor, Atlantic Suites, Europort Avenue, Gibraltar Tel: +350 200 40283 Fax: +350 200 40282
External Auditor:	EY Ltd, Suite 3C Regal House, 3 Queensway, Gibraltar Tel: + 350 200 13239

Market Overview

Gibraltar

In Gibraltar, where the Company has a large share of the property and casualty market, high retention rates have been maintained on existing business. We continue to develop strong relationships with key brokers, expand into successful product lines such as Contractors All Risks, and focus on client retention and growth.

Inflation concerns are rising worldwide and rate increases have started to manifest in the territories we trade in. The latest figures available of the retail price index for Gibraltar show an annual increase in the rate of inflation of 7.6 percent from April 2021 to April 2022 compared to a rate increase of 1.4 percent for the same period of the previous year. *(Source HM Government of Gibraltar)*.

Government investment and development continues as demonstrated by the announcement in October 2021 by the Gibraltar Government and the TNG Global Foundation of a new project on the East side of the rock which has now received outline planning permission. The project which takes about 10 years to complete will include a marina for vessels, including high value super yacht, affordable and open market property. The foundation is committing itself to embracing the history, culture and uniqueness of the surrounding area, as well as Gibraltar's wider heritage and history, at the same time, as it will focus on delivering a project that is environmentally sustainable, to include the latest technology and know-how in this sector.

We are finally seeing tourism arriving daily to Gibraltar from Spain in buses and the restart of the cruise industry with arrivals to Gibraltar every few days. We await official tourism numbers that ratifies the activity we are experiencing and how that compares to pre-covid levels though this will inevitably make a positive contribution to Gibraltar's GDP.

Malta

In Malta our portfolio remains dominated by motor classes and the focus is in developing other classes by leveraging existing relationships with known business introducers in Malta.

Currently Malta is mainly affected by some economic disruption related to the Russian invasion of Ukraine, but real GDP growth is forecast to reach 4.2 percent for the full year 2022 which is down from 9.4 percent in 2021 which is despite Malta having very low direct historic exposure to direct trade with Russia and Ukraine.

Growth in 2022 is set to be driven by domestic consumption, investment, and a small positive contribution from net exports. Export of tourism services is expected to continue gaining ground on the back of the easing of pandemic-restrictions. Robust government expenditure in the form of public investment, will continue to support the economy. In 2023, growth is forecast to decrease to a still strong 4.0 percent, reflecting a general slowdown in performance among trading partners.

Inflation remained low in 2021 at 0.7 percent, thanks to energy prices being kept low by government intervention and hedging contracts for gas. Going forward, while Malta's economy is highly energy-intensive, the share of household expenditures on energy is low compared to other Member States and the authorities have expressed a commitment to continue to limit energy prices growth.

The higher inflation rate in the first quarter of 2022 shows that the pressure from increasing international energy and commodity prices is starting to affect Malta via transport costs and the costs of imported goods. As a result, inflation is predicted to rise to 4.5 percent in 2022. As these factors are expected to persist into 2023, inflation is expected to remain elevated at 2.6 percent in 2023. *(Source: EC European Economic Forecast – Spring 2022, Institutional Paper 173 – May 2022)*.

1.2 Underwriting Performance

For the year ended March 31, 2022, the Company reported underwriting income of £1,258,000. The decrease of £744,000 compared to the prior year was caused primarily by an increase in claims expenses and an increase in general and administrative expenses, partially offset by an increase in underwriting revenues and decrease in commission expense. The net loss ratio for the operations increased by 7 percentage points compared with the prior year.

Total Underwriting Performance £000	2022 Actual	2021 Actual	Variance	Variance %
UNDERWRITING REVENUES				
Net premiums earned	13,168	12,519	649	5%
Commission, Fees and Other Income	2,413	2,244	169	8%
Total underwriting revenues	**15,581**	**14,763**	**818**	
UNDERWRITING DEDUCTIONS				
Net loss and loss expenses	5,743	4,528	(1,215)	-27%
Commission expenses	2,915	5,209	2,294	44%
General and administrative expenses	5,665	3,024	(2,641)	-87%
Total underwriting deductions	**14,323**	**12,761**	**(1,562)**	
UNDERWRITING INCOME	**1,258**	**2,002**	**(744)**	

The following table shows underwriting income for the year ended March 31, 2022 by lines of business.

Gibraltar & Malta Combined Underwriting Income Report Results for the year ended March 31, 2022 £000	Accident	Motor	Marine	Property	Liability	Total
UNDERWRITING REVENUES						
Net premiums earned	1,685	9,418	114	284	1,667	13,168
Commission, Fees and Other Income	22	639	89	1,652	11	2,413
Total underwriting revenues	**1,707**	**10,057**	**203**	**1,936**	**1,678**	**15,581**
UNDERWRITING DEDUCTIONS						
Net loss and loss expenses	175	4,987	4	147	430	5,743
Commission expenses	329	1,535	88	626	337	2,915
General and administrative expenses	984	2,893	91	952	745	5,665
Total underwriting deductions	**1,488**	**9,415**	**183**	**1,725**	**1,512**	**14,323**
UNDERWRITING INCOME	**219**	**642**	**20**	**211**	**166**	**1,258**

The following tables show underwriting income for the year ended March 31, 2022 and 2021 by geographical areas.

Gibraltar Underwriting Performance £000	2022 Actual	2021 Actual	Variance	Variance %
UNDERWRITING REVENUES				
Net premiums earned	5,460	5,087	373	7%
Commission, Fees and Other Income	1,797	1,492	305	20%
Total underwriting revenues	**7,257**	**6,579**	**678**	
UNDERWRITING DEDUCTIONS				
Net loss and loss expenses	1,871	1,057	(814)	-77%
Commission expenses	1,120	1,029	(91)	-9%
General and administrative expenses	3,187	2,765	(422)	-15%
Total underwriting deductions	**6,178**	**4,851**	**(1,327)**	
UNDERWRITING INCOME	**1,079**	**1,728**	**(649)**	

The Gibraltar underwriting income decreased to £1,079,000 for the year ended March 31, 2022 compared to £1,728,000 for the year ended March 31, 2021. The decrease is mainly driven by higher operating and claims expenses as the company returned to post COVID-19 operations. The net loss ratio increased by 13 percent compared to prior year. Net earned premiums are 7 percent higher against prior year as the result of writing more business.

Malta Underwriting Performance £000	2022 Actual	2021 Actual	Variance	Variance %
UNDERWRITING REVENUES				
Net premiums earned	7,708	7,432	276	4%
Commission, Fees and Other Income	616	752	(136)	-18%
Total underwriting revenues	**8,324**	**8,184**	**140**	
UNDERWRITING DEDUCTIONS				
Net loss and loss expenses	3,872	3,471	(401)	-12%
Commission expenses	1,795	4,180	2,385	57%
General and administrative expenses	2,478	259	(2,219)	-857%
Total underwriting deductions	**8,145**	**7,910**	**(235)**	
UNDERWRITING INCOME	**179**	**274**	**(95)**	

The Malta operations had an underwriting profit of £179,000 for the year ended March 31, 2022 compared to £274,000 for the year ended March 31, 2021. The decrease is mainly driven by higher operating and claims expenses as the company returned to post COVID-19 operations. The decrease in commission expenses together with a further increase in operating expenses are driven by the Malta business operating through the Malta branch rather than the Agency as from 1 January 2021.

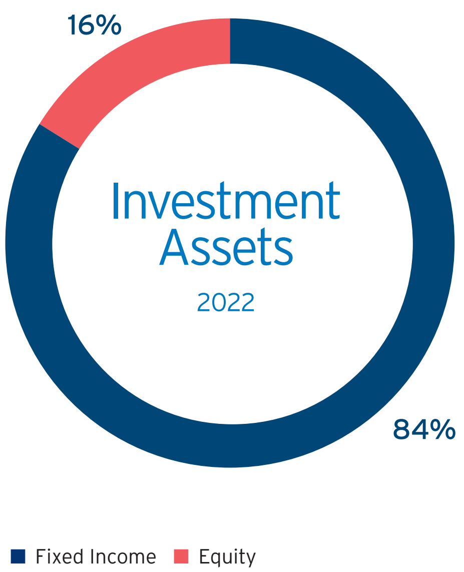
1.3 Investment Performance

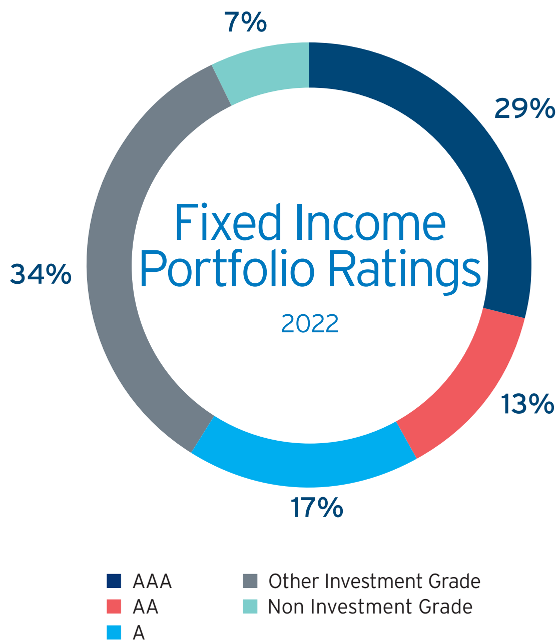
1.3.1 Investment Statement

The Company's investment portfolio is designed to ensure funds are readily available to satisfy our obligation to policyholders and to enhance shareholder value by generating appropriate long-term risk-adjusted yields.

As can be seen from the charts below, 84 percent of the Company's investments are fixed income bonds of which 93 percent are investment graded.

The portfolio's weighted average fixed income credit quality is A+, and its weighted average duration is 2.4 years.





For the year ended 31 March 2022, the consolidated investments yield a negative return of £473,000, a decrease from a positive return of £1,120,000 for the prior fiscal year. The decrease in return was driven by unrealised losses in the last quarter of the fiscal year. The UK 10-year yield rose from 0.97 percent to 1.61 percent, the 2-year from 0.68 percent to 1.36 percent. The Bank of England (BoE) raised rates a second time in February, in spite of concerns over the UK outlook and particularly cost of living pressures on households. Russia's invasion of Ukraine drew widespread condemnation and elicited a range of strict sanctions from the US and its allies. All of this, had a negative impact on the investment performance for the fiscal year.

The table below provides a breakdown of the Company's investment portfolio by asset class along with the total returns generated for the years ended March 31, 2022 and March 31, 2021. Of this, £200,000 was recognised through the income statement, while unrealised losses of £673,000 were recorded in other comprehensive income (OCI).

£000	2022 Asset Balance	2022 Net Investment Income	2022 OCI	2022 Total Return	2021 Asset Balance	2021 Net Investment Income	2021 OCI	2021 Total Return
Fixed Income	17,059	(12)	(602)	(614)	15,004	70	602	672
Equities	3,274	212	(71)	141	1,813	(30)	478	448
Total	**20,333**	**200**	**(673)**	**(473)**	**16,817**	**40**	**1,080**	**1,120**

* Other includes bank interest income and other charges.

The table below provides a breakdown of (loss)/income generated under each asset class:

£000	2022 Net Interest Income	2022 Realised Gains	2022 Unrealised Movement Via P&L	2022 Unrealised Movement Via OCI	2022 Total Return	2021 Net Interest Income	2021 Realised Gains	2021 Unrealised Movement Via P&L	2021 Unrealised Movement Via OCI	2021 Total Return
Fixed Income	29	(41)	-	(602)	(614)	65	5	-	602	672
Equities	64	148	-	(71)	141	42	(72)	-	478	448
Total	**93**	**107**	**-**	**(673)**	**(473)**	**107**	**(67)**	**-**	**1,080**	**1,120**

During the fiscal year, the Company's consolidated fixed income assets generated a net loss of £12,000, of which the Sterling Portfolio contributed income of £2,000 offset by £14,000 loss generated by the Euro Portfolio. The income is comprised of interest income and realised gains of £220,000 which was offset by amortisation and investment manager fee expense of £232,000. Under the current accounting treatment of fixed income securities, £602,000 of unrealised losses will flow through OCI on to the balance sheet.

During the fiscal year, the Company consolidated equity investments generated a net income of £212,000 comprised of dividend income of £64,000 and net realised gains of £148,000. Unrealised equity losses on available for sale investments of £71,000 will flow through OCI.

2 PERFORMANCE OF OTHER ACTIVITIES

There have been no other significant activities undertaken by the Company other than its insurance and related activities.

3 GOVERNANCE STRUCTURE

3.1 Governance Arrangements

The Company's board of directors ("Board") has responsibility for strategic oversight of the Company (which includes the Malta Branch) and for ensuring that the management of the Company ("Management") complies with its legal and regulatory requirements in both jurisdictions. The Board of Directors adheres to the Articles of Association, which details each director's statutory and fiduciary duties under Gibraltar law.

Management is responsible for the day-to-day operations and administration of the Company.

In addition, the following Group committees also have Group level input into the management of the Company:

- Group Audit Committee
- Group Risk Committee
- Group People and Compensation Committee **("P&C Committee")**
- Group Governance Committee
- Group Executive Risk Management Committee

The Board approves Company-specific versions of the relevant Group risk management policies, processes and standards of conduct, given the particular regional nature, scale and complexity of the Company's risks.

The Company's Board of Directors

Keith Abercromby	*Non-Executive Director and Chairman*
Alison Hill	*Executive Director*
Tyrone Montovio	*Executive Director*
Peter Dunkerley	*Executive Director (appointed on 23rd September 2021, subject to GFSC approval. GFSC approval received 8 April 2022)*
Sheila Nicoll	*Non-Executive Director (till 23rd September 2021)*
Peter Burnim	*Non-Executive Director*
Constantinos Miranthis	*Non-Executive Director*
Michael Macelli	*Independent Non-Executive Director*

Management is responsible for managing and coordinating the relationship between the Company's and the Group's respective legal, risk, compliance, internal audit and actuarial functions. Members of the Company's Board represent AICEL's interests at the Group's Audit, Risk and Executive Risk Management Committees.

The European Regional Risk Management Committee – Carrier (EURRMC), chaired by the Head of Risk Europe, was established in January 2021, to better align the European risk governance framework to that of the changed Argus Group regional operating model.

Group Audit Committee

The Group Audit Committee is tasked with assisting the Group Board of Directors in fulfilling its oversight responsibilities for the Company's financial reporting process, the system of internal controls, the audit process, as well as the Company's process for monitoring compliance with laws and regulations and the code of conduct.

Group Risk Committee

The Group Risk Committee is tasked with assisting the Group Board of Directors in fulfilling its oversight responsibilities for the Company's risk management, assets liability management and financial investments (the latter as defined in the Group's Investment Policy), as well as the Company's process for monitoring overall compliance with those matters.

Group People and Compensation Committee (P&C)

The Group's compensation programme is a key component of our talent management strategy and incentivises forward-looking activities that generates long-term sustainable value. The Company's remuneration packages offered to staff are designed to attract, retain and motivate high quality employees. Both fixed and variable remuneration is offered. Fixed remuneration is given in the form of a base salary and is determined by taking into account an individual's experience and qualifications.

Variable remuneration is discretionary and takes the form of a cash bonus and is available to all staff. Three factors that impact the variable remuneration are the Company's market position, individual employee's performance and the Group's ability to meet its financial and strategic targets. The granting of restricted Group stock is at the discretion of the P&C Committee. When determining stock distributions, consideration is given to further enhance the Group's ability to retain the services of key employees.

Comprehensive salary reviews are conducted as part of the annual performance appraisal process. The Human Resource department ensures that remuneration is internally equitable and aligned with market-competitive compensation levels.

The P&C Committee is empowered to review and approve key compensation policies on behalf of the Group and to ensure that such policies provide total compensation which is competitive in the market-place. The role of the P&C Committee is the annual review and approval of the Company's remuneration and compensation policies. This includes the executive total compensation plan structure, short-term incentive compensation plans, review of performance evaluations and equity-based plans to the Company's executive officers and other designated senior officers. Additionally, the Committee is charged with over-sight of plans for the Chief Executive Officer (CEO) and senior officers' development and succession.

Group Governance Committee

The Group Governance Committee is tasked with organising and overseeing the process by which individuals are nominated to become board members along with matters of corporate governance, including advising the Board on matters of

- board organisation, membership and function;
- committee structure and membership; and
- conduct of board and shareholder meetings.

The Group Governance Committee also plays an integral role in the appointment of directors to subsidiary boards and committees establishing selection criteria and periodically reviewing the structure, operation, composition processes and practices of the boards and committees.

The Company has not established its own separate remuneration committee and therefore maintains a Remuneration Policy which is set by the Group. The Company has four Non-Executive Directors who receive a fixed fee which has no variable or performance-related elements. The remaining Executive Directors are employees of the Company or from the Group and are therefore remunerated based on their employment contract. The Executive Directors receive no additional remuneration or share options based upon their role as Directors.

During the year the Company did not pay a dividend to the Group (£nil paid in 2021) but management fees have been paid in the amount of £350,000 from the Company to its parent. There were no other material transactions between the Company and Group.

3.2 Fit & Proper

The Board ensures that persons who effectively run the Company or have other key functions are "fit" and take account of the respective duties allocated to individual persons to ensure appropriate diversity of qualifications, knowledge and relevant experience so that the Company is managed and overseen in a professional manner.

The Board has not established its own committees for this purpose. All candidates for election as non-executive directors are determined by the Group P&C Committee and Governance Committee. When evaluating existing non-executive directors for re-election, the following non-exhaustive list of criteria is used. Individuals to be considered for board membership should possess all of the following personal characteristics pursuant to various specific Group and Company Policies governing directors' eligibility criteria and directors' terms of reference, based upon the Solvency II Directive and other statutory requirements: good character and integrity, informed judgment, financial literacy, maturity and a history of achievement in a business environment. Consideration is also given to the combination of skills, experience, independence and diversity of backgrounds, which will enable the Board, as a body, to be effective in advancing the business and prospects of the Company.

The Board as a whole has demonstrated abilities in the following fields: accounting, financial and actuarial analysis; business judgement; general management; local and international insurance and reinsurance, including knowledge of the Company's businesses and products; familiarity with the Gibraltar and Malta economies and their respective political and social contexts; and familiarity with the Gibraltar and Malta legal, compliance and regulatory frameworks and requirements.

Members of the Board and committees and those carrying out other significant functions have extensive knowledge and experience across a variety of areas. This ensures that there is an appropriate spread of skills for managing the business leadership and vision.

Below are brief biographies of the Company's Board and regional management team.

BOARD OF DIRECTORS:

Chairman and Non-executive Director - Keith W. Abercromby, BSc FIA
Non-Executive Director of Canada Life Limited and of Leek United Building Society

Mr. Abercromby has been a member of the Argus Group Holdings Limited's Board of Directors since November 2017 and is the Chairman of the Group Audit Committee. He was appointed as Chairman of Argus Insurance Company (Europe) Limited in November 2019. Mr. Abercromby is a non-executive director of Canada Life Limited and of Leek United Building Society where he is also Chairman of the Audit Committee. He has extensive board experience of regulated financial services companies in life assurance, general insurance, pensions and banking having occupied roles as CEO (Halifax Financial Services) and Finance Director (Castle Trust Capital Plc, HBoS Insurance & Investment Division, Norwich Union Life and Liverpool Victoria FS). He is a Fellow of the Institute of Actuaries.

Non-executive Director – Sheila E. Nicoll, FCII (Retired 23rd September 2021)
Chief Operating Officer, Sirius Bermuda Insurance Company, Limited

Ms. Nicoll has been a member of the Argus Group Holdings Limited's Board of Directors since 2005, and Chairman since 2008. Ms. Nicoll has over 40 years of experience in the insurance/reinsurance industry in Bermuda, London and New York. She holds an MA in Chemistry from Oxford University and professional designations as a Fellow of the Chartered Institute of Insurance.

Executive Director – Alison S. Hill, FCMA, CGMA
Chief Executive Officer, Argus Group Holdings Limited

Ms. Hill has been a member of the Argus Group Holdings Limited's Board of Directors since 2011. Ms. Hill has over 30 years of experience in the financial services sector, including 15 years of senior management experience in the financial services sector in Europe, prior to joining Argus Group Holdings Limited as Chief Operations Officer in 2009. She succeeded to Chief Executive Officer in 2011. She holds a BA (Hons) in Business Studies from Plymouth University and professional designations as a Fellow Chartered Management Accountant and Chartered Global Management Accountant. She serves as director on several other Boards.

Executive Director – Peter J. Dunkerley, FCA (Appointed 23rd September 2021 pending GFSC approval received on 8 April 2022)
Chief Financial Officer, Argus Group Holdings Limited

Mr. Dunkerley joined the Argus Group in 2012 and was appointed as Chief Financial Officer in 2015. As CFO, Mr. Dunkerley is responsible for all financial aspects of the Group, including finance, actuarial, treasury, capital management, investment management, risk and compliance. Prior to joining Argus, Mr. Dunkerley was a Director in the Insurance practice of PricewaterhouseCoopers in Bermuda. He holds a bachelor's degree in aeronautical engineering from Loughborough University in England and is a Fellow of the Institute of Chartered Accountants in England & Wales and a member of the Institute of Chartered Accountants of Bermuda.

Executive Director – Tyrone Montovio, Cert Mgmt (open) CMgr FCMI ACII Chartered Insurer
Chief Executive Officer, Argus Insurance Company (Europe) Limited

Mr. Montovio joined Norwich Union International in 1996. In 2005 following the acquisition of Norwich Union International in Gibraltar, he was appointed as European Underwriting and Reinsurance Manager as well as Chief Executive of the Broking subsidiary, being responsible for the underwriting, broking and reinsurance for the company.

He was promoted in 2012 to European General Manager with overall responsibility for the Argus Group's operations in Gibraltar, including the Broking subsidiary, as well providing technical underwriting and reinsurance support to our Maltese operations.

In October 2017 he achieved Chartered Manager status and Fellowship of the Chartered Management Institute.

Mr. Montovio is now Chief Executive of Argus Insurance Company (Europe) Limited with overall responsibility for the management and direction of the Argus Group's operations in Gibraltar and Malta.

Non-executive Director - Peter R. Burnim, MBA
Chairman and Board member of various companies

Mr. Burnim has been a member of the Argus Group Holdings Limited's Board of Directors since 2009. Mr. Burnim has over 50 years experience in the financial services industry in the US, Europe, Canada, and other countries. He began his career at Citibank/Citicorp where he worked for over 25 years in the US and Europe serving as a Senior Credit, Senior Securities and Senior Corporate Officer. At different times and geographies he ran U.S. Corporate Banking, European Corporate Finance, European Capital Markets and U.S. Private Banking. He has served on many public and private company boards, including start-ups. He currently serves as a Trustee of Allianz VIP Trust and Allianz VIP Fund of Fund Trust, Sterling Bank & Trust Limited, and Sterling Trust (Cayman) Limited. He also serves on numerous education, artistic, advocacy, and religious not-for-profit Boards including Stellar Energy Foundation, where he was a founder. Mr. Burnim is an honors graduate of Harvard College and Harvard Business School.

Non-executive Director – Constantinos Miranthis

Mr. Miranthis joined the Argus Insurance Company (Europe) Limited's Board of Directors in 2020. Mr. Miranthis has over 34 years of leadership experience in the financial services industry and was the former President and CEO of PartnerRe Ltd and former Managing Principal for the European P&C Practice of Tillinghast – Towers Perrin. He currently serves on the Board of Directors of Hiscox Ltd and its affiliates, Hiscox Bermuda and Hiscox Re, Pacific Life Re ad Gatland Holdings Jersey Limited. Mr. Miranthis is a graduate of University of Cambridge, having earned an MA in Economics with first class honours. He is a member of the Institute and Faculty of actuaries (UK).

Independent Non-executive Director – Michael Macelli, B.A.(Hons) Accountancy

Michael Macelli has been a member of the Board of Argus Insurance Company (Europe) Limited since 2021. Mr. Macelli has over 20 years' experience in senior management positions within the areas of Finance, Operations and Compliance. Mr. Macelli has since 2004 served as non-executive Director of Multi Risk Indemnity Limited, the Vodafone PLC captive insurance company where he serves as Audit Committee Chair and is the main overseer of the company's risk management committee. Mr. Macelli currently serves as director on a number of other Boards.

AICEL Company Secretary (Argus Europe, General Counsel) – Robbie MacDonald, LLB (Hons), DLP, NP

Mr. MacDonald qualified as a solicitor in Scotland in 2000 and has been working in private practice and as an in-house general counsel ever since. Most recently he was an Associate General Counsel for Marsh and McLennan Companies Inc. and Willis Towers Watson in the UK. Mr. MacDonald has more than 20 years' experience providing general counsel and company secretarial services to businesses across all sectors, most recently to international insurance brokers. In addition to acting as the AICEL Company Secretary, Robbie is the General Counsel for the Argus, Europe businesses and heads up the legal function for Argus in Europe.

ARGUS, EUROPE REGIONAL MANAGEMENT TEAM

Argus Europe, Chief Financial Officer – Hanno Vlok

Mr. Vlok has over 20 years of financial and operational leadership experience in the Financial Services Industry, across multiple continents. He started his career with PricewaterhouseCoopers in South Africa, where he qualified as a Chartered Accountant in 2000. He also holds a Bachelor (Hons) in Accounting Science and earned an IEP from INSEAD France. Prior to joining Argus, Mr. Vlok worked as an independent Business Consultant in Austria, Chief Financial Officer at Telesure Sigorta (Turkey) and several senior roles at both Telesure Investment Holdings Limited (South Africa) and Nedbank Limited (South Africa).

Mr. Vlok joined Argus Insurance Company (Europe) Limited in November 2020. He has responsibility for driving the financial strategy and growth plans for Argus Europe.

Argus Europe, Chief Operating Officer, Interim European Claims Manager – Gary Chilvers

After an early career in finance, audit and risk consulting Mr. Chilvers joined Zurich Insurance from Ernst & Young in 1999 and made his home in the insurance world. He has since enjoyed successes in management and interim roles mostly focused on business transformation at companies including Zurich, RSA, QBE, Collinson and Lloyd's of London.

Mr. Chilvers joined Argus in February 2020 to shape and deliver Argus' global expansion plans and became Chief Operating Officer for Europe in December 2020. He has responsibility for developing a platform for growth for the Europe region, overseeing the strategic change and building our operational capabilities across our carrier and broking businesses.

Argus Europe, HR Director – Kathleen Wilkes, Chartered MCIPD, ICA

Ms. Wilkes has over 25 years' experience in the HR field in the UK and Gibraltar where she has worked in a range of sectors including financial services, manufacturing and pharmaceutical. Ms. Wilkes became a Chartered member of the Chartered Institute of Personnel and Development in 2011 and is currently Chair of the Gibraltar CIPD branch. She joined Argus Insurance in 2015 and led on the project to obtain Corporate Chartered Insurers status for the company in 2016. Ms. Wilkes holds the International Compliance Association Advanced Certificate in Compliance.

Head of Finance, Europe – Oksana Duyunova, FCCA

Ms. Duyunova joined the Company in October 2018. She has 20 years' experience in the accounting field with a 14 years' experience in the Financial Services sector. Prior to joining the Company, Ms. Duyunova worked in Tradewise Insurance Company Limited as a Financial Controller, Nature Group Plc as a Group Financial Controller, BDO Limited as an Audit Semi-senior and Smit Octo Limited (Lithuania) as a Chief Accountant.

Ms. Duyunova is a Fellow of the Association of Chartered Certified Accountants.

European Head of Underwriting and Reinsurance – Alex Bonavia, ACII, Chartered Insurer, Cert PFS

Mr. Bonavia has over 20 years' experience in the Financial Services Industry in Gibraltar as a Financial Adviser of the only overseas branch of a UK Building Society and later as an International Financial Manager of the European office of one of the UK top 4 banks. The latter role consisted of advising high net worth clients all over Europe for their banking and investment needs.

In March 2012, he joined Argus group as Head of Broking leading the Broking arm in Gibraltar. His role has changed significantly in the last few years taking over a business development role with AICEL. Alex leads the underwriting and reinsurance functions for Europe. Mr. Bonavia acts as the liaison for AICEL brokers and business introducers.

Head of Risk Europe – Derren Vincent, BSc(Hons), Cert IRM, ACII

Mr. Vincent joined Argus in January 2022 following a career spanning over 25 years with Willis Towers Watson where he gained experience ranging from risk transfer, placement, and retention through to insurance company management and consulting. Mr Vincent transferred to Willis Towers Watson Management (Gibraltar) Limited from their UK retail broking division in 2004 and held the regulated individual role of Managing Director from 2010 where he was responsible for the provision of management and consulting services to a portfolio of insurance companies.

Mr. Vincent is responsible for the oversight and management of the risk function for the Argus Group's operations in Gibraltar and Malta.

Compliance Officer and MLRO – Gabriel Rossi, Int.Dip(GRC); MICA

Mr. Rossi's experience in the general insurance industry spans over 10 years. He has held several roles in the UK and Gibraltar and in 2018 achieved the International Diploma in Governance, Risk and Compliance with the International Compliance Association.

Mr. Rossi joined Argus' European risk and compliance team in 2020 and became the function holder and MLRO in 2021.

Mr. Rossi is a professional member of the International Compliance Association.

European Operations Manager | General Manager, Malta – James Portelli, MSc FCII CFIRM Chartered Insurance Risk Manager

Mr. Portelli commenced his career in financial services in 1986 with Mid Med Bank plc (now HSBC Malta plc) and moved to insurance in 1990 with Middlesea Insurance plc (now Mapfre Middlesea plc) and later worked in London, Central Europe , the Middle East (Bahrain, UAE and Qatar) and East Africa with a career spanning commercial and industrial insurance underwriting, distribution, outward reinsurance, broking, risk management, captive management, consulting and training.

He is now a non-executive Chairman or Director and Risk Chair on a portfolio of regulated insurance entities operating across Europe by virtue of the EU Freedom of Services Directive and lectures insurance and risk management on a visiting basis in Europe and the Middle East.

Mr. Portelli is the General Manager of the Malta Branch, having joined Argus in October 2021.

3.3 Risk Management System and ORSA

3.3.1 Risk Management System

The Board is ultimately responsible for ensuring the effectiveness of the risk management system, setting the Company's risk appetite and overall risk tolerance limits, as well as providing the main risk management strategies and policies.

Material risks addressed by the risk management system include the following:

- Underwriting risk
- Market risk
- Credit risk
- Liquidity risk
- Operational risk

The Board has established an AICEL Risk Management Policy, and appointed a Head of Risk Europe whose responsibilities include:

- Ensuring the effective operation of the Company's risk management system;
- Monitoring the risk management system;
- Monitoring the general risk profile of the Company;
- Reporting on risk exposures and advising Management and the Board on risk management matters.

The Head of Risk Europe reports to the Group Executive Risk Management Committee monthly via their Working Group and to the Company's Board on a quarterly basis.

3.3.1.1 Risk Management Strategies, Objectives, Processes and Reporting

The Company aims to ensure that all material risks are considered when managing the business. The ultimate goal is to ensure policyholder protection and to enable the Company to achieve its overall strategic objectives, while maintaining regulatory compliance. The processes in place are intended to identify all material risks, minimise risks wherever possible and manage and control all significant risks within acceptable limits.

The Company has developed a Risk Appetite Statement, which provides a guide to management for the consideration of risk when managing the business. The statement includes the Company's:

- Risk Strategy;
- Risk Preferences; and
- Risk Tolerances.

The actions and policies implemented to meet strategic objectives and regulatory obligations form the core of the risk management framework. The Company's systems, processes and controls are considered proportionate and appropriate to the nature, scale and complexity of the Company's risks and operations.

3.3.1.2 Identification, Measurement, Monitoring, Management and Reporting of Risks

The Company ensures that the risk management system and solvency assessment systems are embedded in the running of its business through the Argus Group's quarterly Executive Risk Management Committee, and bi-monthly through its European Risk Management Committee – Carrier (**EURRMC**) which considers the Company's specific risks. The Group Executive Risk Management Committee has two regional risk management committees, one of which is the EURRMC, and a separate working group to monitor underwriting and claims risk; the P&C Collaboration Forum. All material risks, business decisions and strategic planning are brought to these committees/working groups and reported to the Board for review and approval. Business decisions are assessed taking into consideration the risks and the Company's appetite towards risk, as defined in the Company's Risk Appetite Statement. A solvency assessment is carried out on a forward-looking basis at least quarterly. The impact on solvency and capital from potential material business decisions is incorporated in the Medium-Term Capital Plan and reported to the EURRMC.

The Risk Register is a key input into the risk management framework, and any material changes in the underlying risks will be considered for potential impact on the Company's capital requirements. Such changes include, but are not limited to, changes in business mix, strategy and investment.

The controls identified in the Risk Register to monitor, mitigate and control the risks facing the Company are reviewed for continued relevance and documented. Compliance with the components of the controls is verified via the ongoing management reviews and Internal Audit reviews. Any significant issues are reported to the Company's Board.

3.3.1.3 Implementation of Risk Management Function

The risk assessment exercise takes place annually in conjunction with the annual business planning and strategy review cycle. The identified risks, together with risk measurement and mitigation controls respectively, are recorded in the risk register of the Company. The risk identification process takes into consideration all material risks identified and included in the Solvency II Directive. To that end, the Risk Management function has developed Risk Assessment Guidelines and Risk Register Templates that are used by the Company. Risk Registers are reviewed and challenged by the Executive Risk Management Committee and the Company's Board.

3.3.2 Own Risk and Solvency Assessment

3.3.2.1 ORSA Process and Integration

A policy setting out the parameters to satisfy the requirement to carry out an Own Risk and Solvency Assessment (ORSA) was established at Group level and adopted by the Company. The purpose of the policy is to ensure that all material risks faced by the Company are appropriately assessed and the level of capital required in managing these risks, or other risk mitigation measures, are determined and put in place. The ORSA provides the Board and Management with a thorough understanding of the Company's risk profile and provides the information needed to make appropriate decisions.

The Company produces an ORSA at least annually incorporating the output from the annual business planning process. Additional ORSAs may be produced in response to material changes to the Company's risk profile.

The ORSA is produced by Management in conjunction with the Group's Actuarial and Risk functions. The ORSA report is discussed and challenged by the Company's Board. The Company's Board maintains oversight, ensuring that the ORSA takes account of the Company's material risks and is aligned with the Board's strategy for the business.

The ORSA approval process includes comment, review and approval by the EURRMC and final approval by the Company's Board.

3.3.2.2 Relationship between Solvency Needs, Risk Profile, Capital Management and Risk Management

The ORSA enables the Board to assess the Company's capital needs over the planning horizon. The ORSA is carried out taking due account of the Company's specific risk profile. This includes risks explicitly captured in the Standard Formula, as well as risks which are either not captured or not able to be mitigated through capital.

The ORSA process operates continuously throughout the year, with consideration being given as to whether any decisions, events, issues, market factors or similar are likely to impact the Company's risk profile, appetite, free reserves, or other relevant matters. In such a case, the impact on the Company's own assessment of its capital needs will be considered and, if required, a further ORSA, together with the SCR calculation, will be carried out. This ensures that the Company's existing and forecast capital position and risk profile are properly considered in any strategic decisions.

The Company's capital management policy has been established to ensure that the Company has in place the appropriate levels and quality of capital required by the SCR calculation and as determined by the ORSA. The policy aims to ensure that appropriate plans are in place to enable the Company to meet its capital requirements both in the immediate and the medium-term and that all items of own funds comply with the relevant rules, regulations, and legislation.

Management considers the capital requirements of the Company on a quarterly basis, and reports to the Executive Risk Management Committee through the Medium-Term Capital Plan. The Medium-Term Capital Plan is prepared quarterly outlining the actions to be taken for the subsequent year, and further into the future as appropriate. These actions are based on:

- The adequacy of capital held as at the quarter end date;
- A forecast of business performance;
- The impact of distributing surplus capital; and
- Other business decisions in line with the Company's strategic goals.

The Medium-Term Capital Plan ensures that the Company is sufficiently capitalised to meet all statutory and regulatory requirements.

3.4 Internal Control System

The Board has established a system of internal controls comprised of the internal control environment, monitoring and reporting mechanisms to ensure that business objectives are achieved in an effective and efficient manner; and that reliable financial information is produced for the decision-making process.

The adherence to internal policies and procedures is an integral part of the business culture. Senior management of the Company ensures that the internal control system and control activities are commensurate with the risks arising and that all personnel are aware of their role and responsibilities.

Monitoring and Reporting

The Board has an established compliance function, which is responsible for the ongoing monitoring of and reporting on the Company's adherence to its internal control system. The compliance function is headed by the Compliance Officer and MLRO who reports to the EURRMC bi-monthly, and to the Board quarterly.

3.4.1 Compliance Function

The Company's Compliance function's primary responsibilities include:

- Establishment and implementation of the Company's compliance programme;
- Ensuring that all personnel are aware of their role in the Company's internal control system;
- Monitoring and reporting on compliance with policies and procedures, applicable laws and regulations, as well as Board approved standard of business conduct policy;
- Monitoring regulatory changes and advising Management and the Board where such changes have implications for the Company's regulatory compliance risks;
- Advising Management and the Board on compliance issues pertaining to:
  a) Corporate Governance;
  b) The prevention of money laundering and terrorist financing;
  c) Know Your Customer and Due Diligence process;
  d) Data privacy and protection; and
  e) Customer complaints.

Non-compliance incidents are dealt with swiftly in proportion to the severity of the incident.

3.5 Internal Audit

The Internal Audit function is outsourced to the Group and is managed by the Chief Global Compliance and Audit Officer who coordinates independent audits, and reports to the Board of the Company and directly to the Group Audit Committee.

The Company's Internal Audit policy covers the scope, authority and responsibilities of the Internal Audit function. The Internal Audit function is responsible for developing and implementing a Board-approved audit plan that sets out the following:

- The audit work to be undertaken during each fiscal year, taking into account strategic business objectives, the complete system of governance and the relevant regulatory requirements;
- A risk-based approach in deciding its priorities focusing on the areas of greatest risk to the business;
- Assessment and adherence to the effectiveness of internal systems and controls, procedures and policies;
- Appropriate and effective action is taken by Management on significant findings; and
- The timing and submission of the internal audit report to the Board.

The Internal Audit function will issue timely reports following each audit which include commentary on whether appropriate and effective action has been taken by management on significant findings.

Where necessary, the Internal Audit function may carry out audits and/or special investigations as requested by Senior Executives and the Board.

3.6 Actuarial

The Company's Actuarial Function is outsourced to the Group's Actuarial function. The Actuarial function holder is the Group's Chief Strategy and Capital Officer. The Actuarial function is governed by Terms of Reference, which encompasses the requirements of the Solvency II Directive, and has been approved by the Board.

The Company's Actuarial function is responsible for the following key areas:

- Overseeing and validating the calculation of technical provisions;
- Calculating the Company's Solvency Capital Requirement
- Opining on the adequacy of reinsurance arrangements;
- Opining on the overall underwriting policy; and
- Contributing to the Company's risk management system.

The Company engages an external actuarial firm to carry out the independent reserve reviews, and to opine on the reinsurance arrangements and underwriting policy, under the oversight of the Actuarial function holder, and ultimately the Board. The Actuarial function holder is responsible for providing a recommendation to Management regarding the adequacy of the reserves. The Actuarial function holder reports at least annually to the Board on the nature, reliability, and adequacy of the Company's reserves for insurance liabilities.

The Actuarial function contributes to the effectiveness of the risk management framework, particularly as it relates to policyholder obligations, potential exposures, and capital requirements. Analyses performed by the Actuarial function include but are not limited to:

- Own risk and solvency self-assessment at least annually (ORSA);
- Asset liability matching quarterly;
- Experience analyses at least annually;
- Effectiveness of underwriting processes;
- Effectiveness/appropriateness of reinsurance arrangements; and
- Product profitability, business performance.

The Actuarial function reports on its activities via the relevant executive management committees and committees of the Board.

3.7 Outsourcing

The Company's Outsourcing Policy governs the outsourcing arrangements for critical functions thereby ensuring that the outsourced functions are conducted in a sound manner in compliance with applicable laws and regulations, and in doing so, ensuring that the Company meets its financial and service obligations to policyholders. The Group Vendor Management Policy applies to the outsourcing of non-critical functions.

The Outsourcing policy sets out a robust governance process to follow when selecting a Third-Party Service Provider (TPSP). Prior to the appointment of any TPSP, a full due diligence exercise is undertaken by Management to assess the suitability, competency, and capability of each TPSP to carry out the outsourced function and the control environment in which it operates. Part of the control environment assessment is to ensure that the TPSP has sufficient data security controls in place to protect the Company data and that of its policyholders, as well as having an appropriate business continuity plan.

The Outsourcing policy further sets out a process for Management to monitor the performance of each outsourced critical function or service and to report to the Company all instances of non-compliance with the policy or breach of laws and regulations in a timely manner.

Outsourcing Providers by Location:

The table below shows both the critical and non-critical operational functions which are outsourced by the Company and the location of that service providers' operations.

Third Party Outsourced Service Description	Location
Claims handling services	Spain
Payroll	Gibraltar/Malta
Actuarial Review	Ireland
Internal Audit Field Work & Reporting	Gibraltar/Malta

The following table highlights the operational functions that are sourced from within the Group.

Intra-Group Outsourced Service	Location
Actuarial Function	Bermuda (Group)
IT Infrastructure & Support	Bermuda (Group)
Investment Function	Bermuda (Group)
Internal Audit Function	Bermuda (Group)

3.8 Adequacy of System of Governance

The Company aims to continuously improve its compliance and governance systems by ensuring that they are reviewed, evaluated, and that recommendations are made to the Board regarding enhancing and developing systems. The Company also considers relevant advice and guidelines from industry bodies. New processes are implemented where appropriate and relevant for the size and complexity of the Company. Internal audits and external audits provide independent evaluation of the Company's systems of governance. Recommendations from these audits are considered by the Board and implemented in a manner proportionate to the business' risks.

4 RISK PROFILE

To facilitate effective business operations and to maintain consistency in its risk management process of risk identification, measurement, management, monitoring and reporting, the Company has identified material risks to which it is exposed. These risks are recorded on the Company's Risk Register and reviewed on at least an annual basis.

For each material risk, the Company has described the various mitigation controls and risk treatment to minimise or reduce the risk exposure arising.

The material risks to which the company is exposed include the following:

- Underwriting risk
- Market risk
  - Currency risk
  - Interest rate risk
  - Equity price risk
- Credit risk
- Concentration of credit risk
- Liquidity risk
- Operational risk

4.1 Underwriting Risk

Underwriting risk can arise from inadequate pricing or risk selection, inappropriate reserving, or other fluctuations in the frequency and severity of insured events.

The Company manages underwriting risk through regular reviews of the performance of the portfolio of business including loss ratio, claims frequency, claims costs and premiums. This is linked to a continuous feedback cycle of reserving and claims development. The Company distributes its policies on a direct basis and via a network of carefully selected intermediaries in a competitive but fairly stable market.

Claims are handled in-house, while specialist external legal or claims advice may be sourced for larger or more complex claims. Motor claims arising from incidents in Spain or involving Spanish third parties are outsourced to a selected third party claims handler. Reserving practices and approach are set by the Company based on local market experience and results arising from external actuarial reviews.

Material Risk Concentrations

The Company underwrites a variety of classes of insurance, so the portfolio is not restricted to one particular product. The Company does, however, rely on a number of key intermediaries for its business so these relationships are monitored closely.

Risk Mitigations

The Company mitigates underwriting risk through the purchase of reinsurance protection and implementation of appropriate controls. Reinsurance is placed with counterparties that have a strong credit rating. Reinsurers are selected on the strength of financial ratings A- or higher as measured by Standard and Poor or A. M. Best. Management regularly monitors and performs an assessment of creditworthiness of reinsurers.

In addition, the Company further monitors underwriting risk through the P&C Collaboration Forum and the EURRMC.

4.2 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market factors. Market factors include three types of risk: currency risk, interest rate risk and equity risk.

4.2.1 Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's principal transactions are carried out in Sterling and Euros and its exposure to foreign exchange risk arises primarily with respect to Euros from the Malta business. The Company's practice is to ensure that all Euro-denominated liabilities are matched with Euro-denominated assets, thus mitigating currency exposure.

4.2.2 Interest Rate Risk

Interest rate risk is the potential for financial loss arising from changes in interest rates. Change in market interest rates can impact the reinvestment of matured investments, as the returns available on the new investment may be significantly different from the returns previously achieved. The Company manages these risks through:

- Asset allocation and diversification of the investment portfolio;
- Investing in fixed income assets that closely match the liability product cash flows for products with fixed and highly predictable benefit payments; and
- Quantifying and reviewing regularly the risk associated with the mismatch in portfolio duration and cash flow.

4.2.3 Equity Price Risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company manages equity price risk by setting and monitoring the objectives and constraints on investments, diversification plans, and the limits on investments in each country, sector and market.

The Company has no significant concentration of equity price risk.

4.3 Credit Risk

4.3.1 Maximum Exposure to Credit Risk

The Company manages credit risk by applying diversification requirements, such as investing by asset class, geography and industry. The Company conducts regular reviews of credit quality ratings of its investments and conducts active credit risk governance, including independent monitoring and review, and reporting to management and the Company's Board.

4.3.2 Concentration of Credit Risk

Concentrations of credit risk arise from exposures to a single debtor, a group of related debtors or groups of debtors that have similar credit risk characteristics in that they operate in the same geographic region or in similar industries. The characteristics are similar in that changes in economic or political environments may impact their ability to meet obligations as they come due. Aged receivables are monitored and reviewed on a quarterly basis; any significant aggregation is brought to the attention of the management. Similarly, reinsurance concentration limits are in place and reinsurance recoverables are monitored on a regular basis.

4.4 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet all cash outflow obligations as they come due. The Company's asset-liability management process allows it to maintain its financial position by ensuring that sufficient liquid assets are available to cover its potential liability funding requirements. The Company invests in various types of assets with a view to matching them with its liabilities of various durations. To strengthen its liquidity further, the Company actively manages and monitors its capital and asset levels, diversification and credit quality of its investments, cash forecasts and actual amounts against established targets.

The short-term (less than one year) liquidity needs are more than adequately met by maturing bonds, the sale of equities, as well as by current operating cash flows. Longer duration cash flows are also backed by a broader range of asset classes including equity and other non-fixed income assets.

Based on the Company's historical cash flows and current financial performance, Management believes that the cash flow from the Company's operating activities will continue to provide sufficient liquidity for the Company to satisfy insurance liability and debt service obligations and to pay other expenses as they fall due.

For insurance contract liabilities, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance liabilities.

4.5 Operational Risk

Operational risk is defined as the risk of financial loss, reputational or brand damage, resulting from inadequate or failed internal processes, people, systems or from external events, including legal and compliance risk.

The Company has a Board-approved Operational Risk Management Policy, as well as Operational Risk Management procedures, which cover the following areas:

- Identification of material operational risks to which the Company is, or might be, exposed and assessment of how to mitigate these risks;
- Activities and internal processes for managing operational risks, including the IT system;
- Definition of risk tolerance limits with regard to operational risk; and
- A process to identify, record and analyse the causes of operational risk events resulting from control breakdowns or non-compliance with Operating Policies and Procedures, as well as customer complaints.
- The Company has established the following controls to mitigate operational risk:
- Four-eyes processes for review and analysis;
- Information systems controls, as well as physical controls to ensure the integrity and protection of the Company and customer's data is adequate;
- Employee training and awareness of the various cyber risks/threats and how to guard against them;
- Bi-monthly reporting of operational risk events, including customer complaints to the EURRMC and significant issues arising to the Board on a quarterly basis; and
- Disaster Recovery and Business Continuity plans.

4.6 Other Material Risk Exposures

A risk register of significant risks is maintained by Management and is reviewed by the EURRMC.

Covid-19 pandemic

Our experience has demonstrated that the business has been resilient to COVID-19. Moreover COVID-19 is likely to have led to one-off drops in loss ratios of our motor book as the frequency of accidents was significantly lower in the 2020/21 accident year.

The Company responded proactively to the pandemic by implementing measures to guarantee business continuity and support customers and employees.

The risks associated with the COVID-19 pandemic continue to be managed in accordance with Company's existing risk management framework. Business continuity plans are in effect across the Company, with all employees having the ability to work remotely to maintain operations and to provide uninterrupted service to policyholders.

Brexit

Effective 1 January 2021, the Malta Branch has operated as an insurance undertaking under the supervision of the Malta Financial Services Authority. This allowed the Company to continue its insurance underwriting operations in Malta after the EU financial services passporting regime was no longer accessible to the Company following the end of the post-Brexit transition period on 31 December 2020.

The Company's assessment of Geopolitical risk arising from Brexit has reduced as the anticipated potential for changes to business volumes and business mix has not been experienced. However, Brexit remains on AICEL's risk register as a strategic and operational risk related to the restriction to movement of people and potential negative impact on the Gibraltar economy.

5 ASSETS – INFORMATION ON AGGREGATION BY CLASS

The valuation methods used are based on International Accounting Standards, as used in the Company's financial statements. Any variations in valuation are detailed in Section 6.

6 CONTENT BY MATERIAL CLASSES OF ASSETS AND LIABILITIES OTHER THAN TECHNICAL PROVISIONS

The following table shows the differences between the Solvency II valuations of asset classes and those in the Company's Statutory Financial Statements; explanations are provided:

Assets	Solvency II Value £000	IFRS value £000	Variance £000	Comments
Deferred acquisition costs	-	1,351	1,351	DAC valued at zero under Solvency II
Deferred tax assets	42	-	(42)	Tax impact of difference on Net Assets
Property, plant & equipment held for own use	980	1,086	106	PPE valued using market value basis for Solvency II
Holdings in related undertakings	1,527	1,427	(100)	Subsidiary valued using Net Equity Method under Solvency II
Equities – listed	3,274	3,274	-	
Government Bonds	7,077	7,088	11	Accrued dividends not included under Solvency II
Corporate Bonds	9,982	10,116	134	Accrued dividends not included under Solvency II
Reinsurance recoverables: Non-life excluding health	5,071	6,219	1,148	See Section 7 for details
Reinsurance recoverables: Health similar to non-life	(8)	-	8	See Section 7 for details
Insurance intermediaries receivables	1,375	3,831	2,456	Receivables that are not overdue form part of the future cash flows reported within provisions for Solvency II
Reinsurance receivables	-	-	-	
Receivables (trade, not insurance)	165	377	212	Prepayments are valued zero under Solvency II
Cash and cash equivalents	8,868	8,868	-	
Total assets	**38,353**	**43,637**	**5,284**	

7 VALUATION OF TECHNICAL PROVISIONS

Technical provisions represent the insurance liabilities as of the reporting date. The Technical provisions comprise of the Best Estimate of Liabilities (BEL) and a risk margin determined in accordance with the Solvency II Directive, Articles 75 to 86.

A summary of the technical provisions for the Company as at March 31, 2022 is set out in the following table:

£000	Net BEL	Risk Margin	Net Solvency II Technical Provisions
Best Estimate Liabilities			
Motor Liability	6,453	368	6,821
Motor Other	3,730	213	3,943
General Liability	2,625	150	2,775
Property	181	10	191
Marine	54	3	56
Income Protection	72	4	76
Solvency II Technical Provisions	**13,115**	**748**	**13,862**

Actuarial Methodologies and Assumptions

The BEL is comprised of two components, the claims provision and the premium provision. The claims provision represents the liability for the unpaid portion of the claims that have occurred as of the valuation date. The premium provision represents the present value of the expected cash flows on the unexpired portion of all in-force policies, and policies to which the Company is contractually bound that have yet to incept. These are commonly referred to as Bound But Not Incepted exposures (BBNI).

The starting point for deriving the BEL is the Company's unpaid claims liabilities on an IFRS basis. Traditional actuarial techniques are used, such as the Paid and Reported Loss Development methods, the Bornhuetter-Ferguson method, and the Case Reserve Development method. The particular method selected for a particular reserve segment is judgmentally selected based on the applicability of each method and the availability of data to support each method.

No assumptions regarding Management actions are included in the calculation of the technical provisions. Expected policyholder behaviour is captured through the expected lapse rates with respect to policies in force, or bound, but not incepted underlying the derivation of the premium provisions. Expected lapse rates are based on the Company's average lapse experience by reserve segment.

- *Discounting* – Cash flows are discounted using the risk-free term structure provided by European Insurance and Occupational Pensions Authority (EIOPA).
- *Unearned Premium* – These are replaced by premium provisions, which are valued on a best estimate basis taking account of all future premium cash inflows.
- *Expenses* – Expenses include run-off expenses; ceded expenses take account of reinsurance commissions from the Company's reinsurance programmes.
- *BBNI* – The technical provisions include future premium cash flows not yet due in respect of BBNI exposures up to the relevant contract boundary.
- *Adjustment for counterparty default* – Ceded liabilities are reduced for expected reinsurer default using the probability of default applicable to the credit rating of the counterparty as specified by the EIOPA guidance.

- *Events Not in Data* (ENIDs) – There may be possible future events which are not reflected in the historical data of the Company or the market. ENIDs are typically viewed as being low frequency and high severity events, but consideration also needs to be given to the potential for favourable loss experience not in the data. An ENID loading is applied to lines of business and it applies to both the claims provisions and the premium provisions. The uplift factor is derived as the ratio of the "true mean" to the "mean only including realistically foreseeable events."

Allocation to Lines of Business

Best estimates and cash flows are calculated separately for each line of business. Data used in the derivation of the BEL has been satisfactorily segmented into homogeneous risk groups, consistent with the requirements of Solvency II.

Reinsurance Recoverables

The Company purchases reinsurance as part of its risk mitigation programme. Reinsurance is placed on both a proportional and non-proportional basis. The expected cash flow of ceded losses for each year is based on the difference between the expected cash flow of gross and net unpaid claims liabilities, offset by an adjustment for expected reinsurer default.

Risk Margin

The risk margin has been calculated using Method 1. This method approximates the individual risks within all modules to be used for the calculation of future SCR. The future SCR is projected with this method until the BEL is fully run-off. A cost of capital rate of 6 percent is applied at each SCR estimate and discounted using the yield curve provided by EIOPA to estimate the cost of capital required to support the liabilities.

Material Changes

The IFRS basis has not changed during the period.

The calculation of the risk margin continues to be performed by the Company's internal Actuarial function. The Company has consistently used the Method 1 to calculate the risk margin.

Level of Uncertainty

There is inherent uncertainty in estimating the technical provisions. Uncertainty may arise from the following areas:

- Outstanding losses may ultimately settle at a higher or lower amount than estimated from known information as of the valuation date.
- Future losses on both expired and unexpired business are based on actuarial assumptions, which take account of past experience, and anticipated future changes. These assumptions may prove to differ from actual experience.
- ENIDs, by their nature are unpredictable and any allowance for ENIDs may prove to be overstated or understated.
- Expense assumptions are based on reasonable judgement reflecting past experience where appropriate. These assumptions may ultimately prove to differ from actual experience.
- Impact from unforeseen economic, legal and social trends.

The following table shows the movement from the IFRS insurance liabilities to the Solvency II technical provisions.

£000	Net
IFRS Reserves	**17,147**
Remove Unearned Premium Reserve	(6,646)
Expected Losses on Unexpired Risks	2,993
Expected Losses on BBNI Risks	727
Premium Receivables net of Expenses	(1,491)
ENIDs	590
Counterparty Default	2
Effect of Discounting	(208)
Risk Margin	748
Other	-
Solvency II Technical Provisions	**13,862**

8 LIABILITIES OTHER THAN TECHNICAL PROVISIONS - INFORMATION ON AGGREGATION BY CLASS

The valuation methods used are based on International Accounting Standards, as used in the Company's financial statements. Any variations in valuation are detailed in Section 9.

9 VALUATION OF MATERIAL PROVISIONS OTHER THAN TECHNICAL PROVISIONS AND CONTINGENT LIABILITIES

The following table shows the differences between the Solvency II valuations of liability classes and those in the Company's Statutory Accounts. Explanations have been provided.

Liabilities	Solvency II Value £000	IFRS value £000	Variance £000	Comments
Technical Provisions – Non-life: best estimate	18,114	23,367	5,253	See Section 7 for details
Technical Provisions – Non-life: risk margin	744	-	(744)	See Section 7 for details
Technical Provisions – Life: best estimate	64	-	(64)	See Section 7 for details
Technical Provisions – Life: risk margin	4	-	(4)	See Section 7 for details
Insurance and intermediaries payables	1,717	2,268	551	Payables that are not overdue form part of the future cash flows reported within provisions for Solvency II
Reinsurance payables	-	-	-	
Payables (trade, not insurance)	3,950	3,950	-	
Total liabilities	**24,593**	**29,585**	**4,992**	

10 OWN FUNDS - SOLVENCY RATIO

There were no dividend payments to Argus Group Holdings Limited during the year.

The Company manages its level of own funds by monitoring its Solvency Capital Requirement (SCR) coverage ratio, the calculation of which is detailed below.

The SCR and the Minimum Capital Requirement (MCR) for the Company as at March 31, 2022 is shown by risk module in the following table.

Risk Module	£000
Market Risk	2,159
Counterparty Risk	3,315
Health Non-Similar to Life Techniques Underwriting Risk	771
Non-Life Underwriting Risk	4,836
Diversification	(2,922)
Basic Solvency Capital Requirement	**8,159**
Operational Risk	572
Solvency Capital Requirement	**8,731**
Minimum Capital Requirement	**3,122**

The results show that the Company is compliant with the SCR and the MCR.

Calculation of the SCR

The Company uses the Standard Formula to determine the SCR. No simplifications have been used for any of the risk modules of the SCR, and the Company does not use any undertaking specific parameters.

No capital add-ons have been applied to the SCR figures. In addition, the Company does not use the duration-based equity risk sub-module in the calculation of the SCR.

The SCR was submitted to the regulator on May 5, 2022 and is therefore, still subject to supervisory assessment.

Calculation of the MCR

The inputs used to calculate the MCR are shown in the following table.

LINE OF BUSINESS £000	Net Best Estimate Liabilities	Net Written Premiums in the last 12 months
Motor Liability	6,453	4,936
Motor Other	3,730	5,135
General Liability	2,625	1,676
Property	181	1,428
Marine	54	115
Income Protection	72	747
Total	**13,115**	**14,037**

The MCR determined per the Standard Formula is the absolute floor of £3.12 million.

Compliance with the SCR and MCR

There has not been any non-compliance with the SCR or MCR over the financial year.

£000	2022
Solvency II minimum capital requirement (MCR)	3,122
Solvency II solvency capital requirement (SCR)	8,731
Solvency II eligible own funds	13,760
Solvency Capital Requirement Ratio	158%

11 OWN FUNDS – INFORMATION ON THE STRUCTURE, AMOUNTS AND ELIGIBILITY OF OWN FUNDS

All of the Company's own funds are in the form of fully paid-up Share Capital.

12 DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODELS USED

The Company uses the Standard Formula.

13 APPENDICES

ANNUAL QRTS 2022

The templates are included as follows:

S.02.01.01	Balance Sheet
S.05.01.02	Premiums, claims and expenses by line of business
S.05.02.01	Premiums, claims and expenses by country
S.17.01.02	Non-Life Technical Provisions
S.19.01.21	Non-life insurance claims
S.23.01.01	Own funds
S.25.01.21	Solvency Capital Requirement – for undertakings on Standard Formula
S.28.01.01	Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity

S.02.01.01
Balance Sheet

£000

		Solvency II value
	Assets	C0010
R0030	Intangible assets	-
R0040	Deferred tax assets	42
R0050	Pension benefit surplus	-
R0060	Property, plant & equipment held for own use	980
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	21,860
R0080	Property (other than for own use)	-
R0090	Holdings in related undertakings, including participations	1,527
R0100	Equities	3,274
R0110	Equities – listed	3,274
R0120	Equities – unlisted	-
R0130	Bonds	17,059
R0140	Government Bonds	7,077
R0150	Corporate Bonds	9,982
R0160	Structured notes	-
R0170	Collateralised securities	-
R0180	Collective Investments Undertakings	-
R0190	Derivatives	-
R0200	Deposits other than cash equivalents	-
R0210	Other investments	-
R0220	Assets held for index-linked and unit-linked contracts	-
R0230	Loans and mortgages	-
R0240	Loans on policies	-
R0250	Loans and mortgages to individuals	-
R0260	Other loans and mortgages	-
R0270	Reinsurance recoverables from:	5,064
R0280	Non-life and health similar to non-life	5,064
R0290	Non-life excluding health	5,071
R0300	Health similar to non-life	(8)
R0310	Life and health similar to life, excluding health and index-linked and unit-linked	-
R0320	Health similar to life	-
R0330	Life excluding health and index-linked and unit-linked	-
R0340	Life index-linked and unit-linked	-
R0350	Deposits to cedants	-
R0360	Insurance and intermediaries receivables	1,375
R0370	Reinsurance receivables	-
R0380	Receivables (trade, not insurance)	165
R0390	Own shares (held directly)	-
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	-
R0410	Cash and cash equivalents	8,868
R0420	Any other assets, not elsewhere shown	-
R0500	**Total assets**	**38,353**

S.02.01.02
Balance Sheet

£000

	Liabilities	Solvency II value
		C0010
R0510	Technical provisions – non-life	18,926
R0520	Technical provisions – non-life (excluding health)	18,858
R0530	TP calculated as a whole	-
R0540	Best Estimate	18,114
R0550	Risk margin	744
R0560	Technical provisions – health (similar to non-life)	68
R0570	TP calculated as a whole	-
R0580	Best Estimate	64
R0590	Risk margin	4
R0600	Technical provisions – life (excluding index-linked and unit-linked)	-
R0610	Technical provisions – health (similar to life)	-
R0620	TP calculated as a whole	-
R0630	Best Estimate	-
R0640	Risk margin	-
R0650	Technical provisions – life (excluding health and index-linked and unit-linked)	-
R0660	TP calculated as a whole	-
R0670	Best Estimate	-
R0680	Risk margin	-
R0690	Technical provisions – index-linked and unit-linked	-
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	1,716
R0830	Reinsurance payables	-
R0840	Payables (trade, not insurance)	3,950
R0850	Subordinated liabilities	-
R0860	Subordinated liabilities not in Basic Own Funds	-
R0870	Subordinated liabilities in Basic Own Funds	-
R0880	Any other liabilities, not elsewhere shown	-
R0900	**Total liabilities**	**24,593**
R1000	**Excess of assets over liabilities**	**13,760**

S.05.01.02
Premiums, claims and expenses by line of business

Non-life

£000

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of Business for:accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	Total
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross – Direct Business	-	782	-	5,947	5,135	539	5,795	1,984	-	-	-	-					20,182
R0120	Gross – Proportional reinsurance accepted	-	-	-	-	-	-	-	-	-	-	-	-					-
R0130	Gross – Non-proportional reinsurance accepted												-	-	-	-	-	-
R0140	Reinsurers' share	-	35	-	1,011	-	424	4,366	308	-	-	-	-	-	-	-	-	6,145
R0200	Net	-	747	-	4,936	5,135	115	1,429	1,676	-	-	-	-	-	-	-	-	14,037
	Premiums earned																	
R0210	Gross – Direct Business	-	746	-	5,588	4,828	535	5,422	1,948	-	-	-	-					19,067
R0220	Gross – Proportional reinsurance accepted	-	-	-	-	-	-	-	-	-	-	-	-					-
R0230	Gross – Non-proportional reinsurance accepted												-	-	-	-	-	-
R0240	Reinsurers' share	-	35	-	998	-	421	4,164	281	-	-	-	-	-	-	-	-	5,899
R0300	Net	-	711	-	4,591	4,828	114	1,258	1,667	-	-	-	-	-	-	-	-	13,168
	Claims incurred																	
R0310	Gross – Direct Business	-	1	-	1,310	2,618	129	1,158	339	-	-	-	-					5,554
R0320	Gross – Proportional reinsurance accepted	-	-	-	-	-	-	-	-	-	-	-	-					-
R0330	Gross – Non-proportional reinsurance accepted												-	-	-	-	-	-
R0340	Reinsurers' share	-	-	-	-	-	90	968	-	-	-	-	-	-	-	-	-	1,058
R0400	Net	-	1	-	1,311	2,618	39	190	339	-	-	-	-	-	-	-	-	4,497
	Changes in other technical provisions																	
R0410	Gross – Direct Business	-	13	-	665	578	(102)	609	173	-	-	-	-					1,935
R0420	Gross – Proportional reinsurance accepted	-	-	-	-	-	-	-	-	-	-	-	-					-
R0430	Gross – Non- proportional reinsurance accepted												-	-	-	-	-	
R0440	Reinsurers' share	-	-	-	184	-	(67)	491	81	-	-	-	-	-	-	-	-	689
R0500	Net	-	13	-	481	578	(35)	118	92	-	-	-	-	-	-	-	-	1,247
R0550	**Expenses incurred**	-	383	-	2,019	2,291	165	927	938									6,722
R1200	**Other expenses**																	-
R1300	**Total expenses**																	**6,722**

S.05.02.01
Premiums, claims and expenses by country

Non-life

£000

		Home Country	Top 5 countries	(by amount of gross premiums written) - non-life obligations				Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
R0010			MT	-	-	-	-	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross – Direct Business	9,936	10,246	-	-	-	-	20,182
R0120	Gross – Proportional reinsurance accepted	-	-	-	-	-	-	-
R0130	Gross – Non-proportional reinsurance accepted	-	-	-	-	-	-	-
R0140	Reinsurers' share	4,106	2,038	-	-	-	-	6,145
R0200	Net	5,829	8,208	-	-	-	-	14,037
	Premiums earned							
R0210	Gross – Direct Business	9,369	9,698	-	-	-	-	19,067
R0220	Gross – Proportional reinsurance accepted	-	-	-	-	-	-	-
R0230	Gross – Non-proportional reinsurance accepted	-	-	-	-	-	-	-
R0240	Reinsurers' share	3,909	1,990	-	-	-	-	5,899
R0300	Net	5,460	7,708	-	-	-	-	13,168
	Claims incurred							
R0310	Gross – Direct Business	2,533	3,022	-	-	-	-	5,554
R0320	Gross – Proportional reinsurance accepted	-	-	-	-	-	-	-
R0330	Gross – Non-proportional reinsurance accepted	-	-	-	-	-	-	-
R0340	Reinsurers' share	866	191	-	-	-	-	1,058
R0400	Net	1,667	2,830	-	-	-	-	4,497
	Changes in other technical provisions							
R0410	Gross – Direct Business	708	1,227	-	-	-	-	1,935
R0420	Gross – Proportional reinsurance accepted	-	-	-	-	-	-	-
R0430	Gross – Non- proportional reinsurance accepted	-	-	-	-	-	-	-
R0440	Reinsurers' share	503	186	-	-	-	-	689
R0500	Net	205	1,042	-	-	-	-	1,247
R0550	**Expenses incurred**	2,885	3,838	-	-	-	-	6,722
R1200	**Other expenses**							-
R1300	**Total expenses**							**6,722**

S.17.01.02
Non-Life Technical provisions

£000		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Technical provisions calculated as a sum of BE a and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross	-	(17)	-	1,552	1,848	79	720	287	-	-	-	-	-	-	-	-	4,469
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	-	(6)	-	774	93	71	783	60	-	-	-	-	-	-	-	-	1,776
R0150	**Net Best Estimate of Premium Provisions**	-	(11)	-	778	1,755	8	(64)	227	-	-	-	-	-	-	-	-	2,693
	Claims provisions																	
R0160	Gross	-	81	-	7,055	1,965	137	1,691	2,780	-	-	-	-	-	-	-	-	13,710
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	-	(2)	-	1,380	(11)	91	1,447	383	-	-	-	-	-	-	-	-	3,288
R0250	**Net Best Estimate of Claims Provisions**	-	82	-	5,675	1,976	46	244	2,398	-	-	-	-	-	-	-	-	10,422
R0260	**Total Best estimate – gross**	-	64	-	8,607	3,813	216	2,411	3,068	-	-	-	-	-	-	-	-	18,178
R0270	**Total Best estimate – net**	-	72	-	6,453	3,730	54	181	2,625	-	-	-	-	-	-	-	-	13,115
R0280	**Risk margin**	-	4	-	368	213	3	10	150	-	-	-	-	-	-	-	-	748
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
R0300	Best estimate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
R0310	Risk margin	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Technical provisions – total																-	
R0320	**Technical provisions – total**	-	68	-	8,975	4,026	219	2,421	3,217	-	-	-	-	-	-	-	-	18,926
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default – total**	-	(8)	-	2,154	83	162	2,230	442	-	-	-	-	-	-	-	-	5,064
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re – total**	-	76	-	6,821	3,943	57	191	2,775	-	-	-	-	-	-	-	-	13,862

S.19.01.21
Non-Life Insurance claims

Total Non-Life Business

Z0020 Accident year / Underwriting year: Accident year

£000 **Gross Claims Paid (non-cumulative)**
(absolute amount)

	Development year Year	0	1	2	3	4	5	6	7	8	9	10 & +	In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
R0100	Prior											5	5	5
R0160	N-9	3,707	1,789	434	265	103	103	28	366	2	1		1	6,797
R0170	N-8	2,897	1,369	210	201	172	36	3	40	36			36	4,964
R0180	N-7	2,845	1,544	345	239	494	306	6,383	9				9	12,166
R0190	N-6	3,036	1,561	323	181	214	25	9					9	5,351
R0200	N-5	2,375	1,682	285	148	37	130						130	4,657
R0210	N-4	2,538	1,699	412	243	72							72	4,965
R0220	N-3	3,485	2,180	359	109								109	6,133
R0230	N-2	2,710	1,869	253									253	4,832
R0240	N-1	2,411	1,609										1,609	4,021
R0250	N	3,268											3,268	3,268
R0260												**Total**	**5,501**	**57,158**

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

	Development year Year	0	1	2	3	4	5	6	7	8	9	10 & +	Year end (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
R0100	Prior											156	156
R0160	N-9	-	-	-	1,011	825	873	736	157	161	144		153
R0170	N-8	-	-	869	624	495	278	145	85	39			30
R0180	N-7	-	1,514	929	13,212	12,973	6,191	109	52				52
R0190	N-6	3,916	1,510	1,365	806	501	403	376					365
R0200	N-5	3,384	1,353	1,068	846	688	416						413
R0210	N-4	3,914	2,036	1,190	650	530							519
R0220	N-3	5,217	2,302	1,481	1,229								1,204
R0230	N-2	5,794	3,108	2,219									2,178
R0240	N-1	5,071	2,692										2,637
R0250	N	6,076											6,004
R0260												**Total**	**13,710**

S.23.01.01
Own Funds

£000	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)	6,984	6,984		-	
R0030	Share premium account related to ordinary share capital	1,400	1,400		-	
R0040	Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	-	-		-	
R0050	Subordinated mutual member accounts	-		-	-	-
R0070	Surplus funds	-	-			
R0090	Preference shares	-		-	-	-
R0110	Share premium account related to preference shares	-		-	-	-
R0130	Reconciliation reserve	5,335	5,335			
R0140	Subordinated liabilities	-		-	-	-
R0160	An amount equal to the value of net deferred tax assets	42				42
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	-	-	-	-	-
	Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
R0220	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	-				
	Deductions					
R0230	Deductions for participations in financial and credit institutions	-	-	-	-	-
R0290	**Total basic own funds after deductions**	13,760	13,719	-	-	42
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	-			-	
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual – type undertakings, callable on demand	-			-	
R0320	Unpaid and uncalled preference shares callable on demand	-			-	-
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	-			-	-
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	-			-	
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	-			-	-
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	-			-	
R0370	Supplementary members calls – other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	-			-	-
R0390	Other ancillary own funds	-			-	-
R0400	**Total ancillary own funds**	-			-	-
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	13,760	13,719	-	-	42
R0510	Total available own funds to meet the MCR	13,719	13,719	-	-	
R0540	Total eligible own funds to meet the SCR	13,760	13,719	-	-	42
R0550	Total eligible own funds to meet the MCR	13,719	13,719	-	-	
R0580	**SCR**	8,731				
R0600	**MCR**	3,122				
R0620	**Ratio of Eligible own funds to SCR**	1.5760				
R0640	**Ratio of Eligible own funds to MCR**	4.3945				

	Reconciliation reserve	C0060
R0700	Excess of assets over liabilities	13,760
R0710	Own shares (held directly and indirectly)	-
R0720	Foreseeable dividends, distributions and charges	-
R0730	Other basic own fund items	8,425
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	-
R0760	**Reconciliation reserve**	5,335
	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)**	-

S.25.01.21
Solvency Capital Requirement – for undertakings on Standard Formula

£000		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	2,159		
R0020	Counterparty default risk	3,315		
R0030	Life underwriting risk	-		
R0040	Health underwriting risk	771		
R0050	Non-life underwriting risk	4,836		
R0060	Diversification	(2,922)		
R0070	Intangible asset risk	-		
R0100	**Basic Solvency Capital Requirement**	8,159		

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	572
R0140	Loss-absorbing capacity of technical provisions	-
R0150	Loss-absorbing capacity of deferred taxes	-
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	-
R0200	**Solvency capital requirement excluding capital add-on**	8,731
R0210	Capital add-on already set	-
R0220	**Solvency capital requirement**	8,731
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	-
R0410	Total amount of Notional Solvency Capital Requirement for remaining part	-
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	-
R0430	Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	-
R0440	Diversification effects due to RFF nSCR aggregation for article 304	-

S.28.01.01
Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity

£000 **Linear formula component for non-life insurance and reinsurance obligations**

		C0010
R0010	MCRNL Result	2,386

		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 expenses insurance and proportional reinsurance	-	-
R0030	Income protection insurance and proportional reinsurance	72	747
R0040	Workers' compensation insurance and proportional reinsurance	-	-
R0050	Motor vehicle liability insurance and proportional reinsurance	6,453	4,936
R0060	Other motor insurance and proportional reinsurance	3,730	5,135
R0070	Marine, aviation and transport insurance and proportional reinsurance	54	115
R0080	Fire and other damage to property insurance and proportional reinsurance	181	1,429
R0090	General liability insurance and proportional reinsurance	2,625	1,676
R0100	Credit and suretyship insurance and proportional reinsurance	-	-
R0110	Legal expenses insurance and proportional reinsurance	-	-
R0120	Assistance and proportional reinsurance	-	-
R0130	Miscellaneous financial loss insurance and proportional reinsurance	-	-
R0140	Non-proportional health reinsurance	-	-
R0150	Non-proportional casualty reinsurance	-	-
R0160	Non-proportional marine, aviation and transport reinsurance	-	-
R0170	Non-proportional property reinsurance	-	-

S.28.01.01
Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity

(continued)

£000 **Linear formula component for life insurance and reinsurance obligations**

		C0040
R0200	MCRL Result	-

		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 healt (re)insurance obligations	-	
R0250	Total capital at risk for all life (re)insurance obligations		-

	Overall MCR calculation	C0070
R0300	Linear MCR	2,386
R0310	SCR	8,731
R0320	MCR cap	3,929
R0330	MCR floor	2,183
R0340	Combined MCR	2,386
R0350	Absolute floor of the MCR	3,122
R0400	**Minimum Capital Requirement**	3,122

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