Trinity Lane Insurance Company Limited

Solvency & Financial Condition Report

as at 31 March 2021

Glossary of Terms used in this report

ALM	Asset & Liability Management
Artex	Artex Risk Solutions (Gibraltar) Limited
Board	Board of Directors
Company	Trinity Lane Insurance Company Limited
EIOPA	European Insurance and Occupational Pensions Authority
GBP/£	Great Britain Pound
GDPR	General Data Protection Regulation
MCR	Minimum Capital Requirement
GFSC	Gibraltar Financial Services Commission
ORSA	Own Risk and Solvency Assessment
QRTs	Quantitative Reporting Templates
SCR	Solvency Capital Requirement
SFCR	Solvency and Financial Condition Report
SoG	System of Governance
UK	United Kingdom and the Channel Islands
TLICL	Trinity Lane Insurance Company Limited

1. Executive Summary

Introduction

Trinity Lane Insurance Company Limited (´TLICL´ or ´the Company´) is an insurance company licenced in Gibraltar specialising predominantly in niche UK motor insurance and ancillary motor products.

TLICL was initially incorporated in Malta in December 2006 as Trinity Lane Company Limited but became TLICL in April 2007 when it was authorised by the MFSA (Malta Financial Services Authority). With the UK voting to leave the EU in June 2016 TLICL took steps to safeguard the Company´s ability to passport in to the UK and decided that it would re-domicile to Gibraltar. The decision was taken in the best interests of all stakeholders of the Company but not least the UK based policyholders. TLICL re-domiciled to Gibraltar on 1 July 2020.

The purpose of this report is to satisfy the public disclosure requirements under the Financial Services (Insurance Companies) (Solvency II Directive) Act ("the Solvency II Act in Gibraltar") including the Delegated Regulations of the European Parliament. The elements of the disclosure relate to business performance, governance, risk profile, solvency and capital management.

Business and Performance

Due to the re-domiciliation of TLICL to Gibraltar on 1 July 2020, the accounting period prior to leaving Malta was extended to 15 months and the year-end date was changed from 31/03/20 to 30/06/20. This has meant that the accounting period for this Financial Year has only been a 9 month period (01/07/20 to 31/03/21). Comparatives contained in the report are therefore not on a like for like 12 month basis.

During the year ended 31 March 2021, TLICL wrote £37.2 million of GWP (Gross Written Premium) before reinsurance (2020 : £57.9 million) and made an unaudited profit (on ordinary activities before tax) of £4.6 million (2020 : £7.9 million). The Company´s net assets as at 31 March 2021 amounted to £25.4 million (2020 : £21.3 million) on a GAAP basis. The Company continued to focus on profitable growth in revenue and customer numbers in the UK.

TLICL purchases both Excess of Loss and Quota Share reinsurance from reputable Reinsurance partners rated "A" and above, to protect the business against the impact of large losses and to assist with the effective management of capital. During the last Underwriting year, Excess of Loss retention was £1 million after allowing for indexation allowance. The two Underwriting years prior to that, the first loss was £1m and then the retention level reduced to £0.5 million for all losses after that. For the last Underwriting year the Quota Share ceding percentage was 70% so TLICL retains 30% of each and every motor risk.

During 2020 the World Health Organisation declared COVID19 as a global pandemic and in the early part of 2020 the UK Government introduced various social distancing measures to try and control the spread of the COVID virus. These measures had a material impact on the motor insurance market including changes to consumer behaviour and policy sales as private car usage fell during lockdown. Despite these challenges, the Company generated an increase in premium volumes and an underwriting profit for the year which was partly helped by claims frequency reductions in the current year due to Covid.

Systems of Governance

TLICL operates an outsourced business model and the Company´s expenses reflect charges from its outsourced service providers. Day-to-day operational management is outsourced to TLICL´s insurance manager in Gibraltar, Artex, along with the employment of Chris Johnson, who is Gibraltar resident, and is the General Manager for the business and a Director. Tasks encompass in particular financial accounting, assistance with risk management, Solvency II reporting, company secretarial and compliance services. In addition, other key outsourced services comprise policy administration, the provision of management information and claims handling. These services are predominantly outsourced to other entities under the ownership of David Flux, the majority shareholder of TLICL.

The Company has in place systems of governance which are proportionate to the size and complexity of the operation. Such systems, and the underlying processes and procedures, are subject to ongoing review to ensure any required improvements are made.

Over-arching responsibility for governance rests with TLICL´s Board of Directors, which comprises four Executive Directors, one Non-Executive Director and two Independent Non-Executive Directors. TLICL operates an Underwriting Committee, Risk and Audit Committee and a Finance and Investment Committee, which advises to the board on these matters.

TLICL complies with all requirements with regards to key functions and fitness and propriety, with full details provided in Section B. Since the re-domiciliation to Gibraltar formal Underwriting Committees and Risk and Audit Committees have been formed and hold discussions and/or meet regularly. This strengthens the governance over what was in place before.

Risk Profile

TLICL has a strong risk management system, with close involvement of the Risk and Audit Committee, which reports to the Board. Risk is classified into insurance risk, regulatory and legal risk, capital management risk, market risk, liquidity risk, credit risk, concentration risk, operational risk and reputational and conduct risk.

Key risks identified by management comprise:

- Catastrophe Risk (Large Claims)
- Technical Provisions
- Reinsurance strategy
- Reinsurance security
- Reinsurance Counter Party selection
- Brexit
- GDPR
- Cyber risk

- Covid 19

Full detail on risk management is provided in Section C.

Valuation for Solvency Purposes

Section D of this report sets out in detail the inputs, bases and methods of recognition and valuation of assets and liabilities, including a comparison between Solvency II and GAAP valuations. The main valuation differences arise from reclassifications and from differences in the valuation of technical provisions.

A Business Performance

A.1 Business Information

A.1.1 Company details

Trinity Lane Insurance Company Limited
P.O Box 1338
First Floor
Grand Ocean Plaza
Ocean Village
Gibraltar

TLICL is incorporated in Gibraltar and is a company limited by shares. The Company´s registered number is 119979.

This SFCR report covers TLICL on a solo basis. While the Company is part of a Group, this is not an insurance group for SII purposes.

A.1.2 Supervisory Authority

TLICL is regulated by:

Gibraltar Financial Services Commission
P.O. Box 940
Suite 3, Ground Floor
Atlantic Suites
Europort Avenue
Gibraltar

A.1.3 Auditor

TLICL´s auditors are:

Grant Thornton (Gibraltar) Limited
6A Queensway
P.O. Box 64
Gibraltar

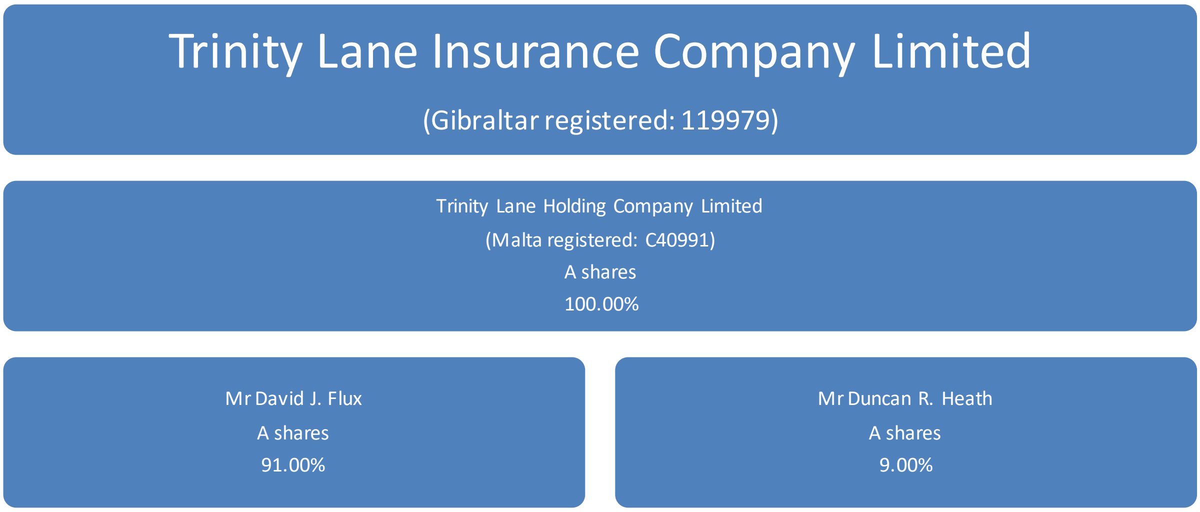
A.1.4 Ultimate Shareholders

TLICL is a 100% subsidiary of Trinity Lane Holdings Company Limited, a company incorporated in Malta.

Direct and indirect holders of qualifying holdings in TLICL are:

Name	Legal Form	Country	Direct / Indirect	Proportion of ownership interest
Trinity Lane Holdings Company Limited	Company limited by shares	Malta	Direct	100%
Mr David J. Flux	N/A	United Kingdom	Indirect	91%
Mr Duncan R. Heath	N/A	Monaco	Indirect	9%

A.1.5 Group Structure



A1.6 Material Lines of Business and Geographical Areas

TLICL´s main business is UK motor insurance. The following table shows the business by class for the year ended 31 March 2021. Predominantly all business has been conducted in the UK.

	As at 31 March 2021		As at 30 June 2020	
	Amount	**% of Total**	**Amount**	**% of Total**
	£'000	**%**	**£'000**	**%**
Premium				
Gross written premiums				
Motor	26,082	70%	41,178	71%
Assistance	6,776	18%	9,906	17%
Miscellaneous Financial Loss	4,388	12%	6,856	12%
Total	37,246	100%	57,941	100%

B Systems of Governance

B.1 General Information on Systems of Governance

B1.1 Structure of the Board and Committees

TLICL operates through a main board and has sub-committees of Finance and Investment, Risk and Audit and Underwriting, with current memberships as set out below:

The Directors of TLICL are:

• Saviour Briffa	Non-Executive Director (NED)
• Andrew C. Dodds	Executive Director (ED)
• David J. Flux	ED
• Duncan R. Heath	ED (Underwriting Director)
• Richard G. Foster	Independent Non-Executive Director (INED)
• Christopher W. Johnson	ED (and General Manager)
• John E. Verrall	INED

The Finance and Investments Committee members are:

• Savour Briffa	Chair	NED
• David J. Flux	Director	ED
• Andrew C. Dodds	Director	ED
• Duncan R. Heath	U/W Director	ED
• Richard G. Foster	Director	INED

The Risk and Audit Committee members are:

• Andrew C. Dodds	Chair	ED
• Richard G. Foster	Director	INED
• John E. Verrall	Director	INED

The Underwriting Committee members are:

• Duncan R. Heath	Chair	ED
• David J. Flux	Director	ED
• Christopher W. Johnson	GM & Director	ED
• Andy Cracknell	Underwriting Consultant	

In attendance at all Committee meetings are Chris Johnson as General Manager and Morgan Peters (Artex) as Compliance Officer.

TLICL´s Company Secretary is Raphael Jacob Abergel.

The Board is responsible for overseeing the business of TLICL, for providing strategic direction and for supervising management. While the Board delegates certain function to the Committees mentioned above, this does not absolve the Directors of their responsibility to TLICL.

The Board operates under agreed Terms of Reference which set out the following key responsibilities:

- Setting the strategic direction and objectives of TLICL
- Ensuring the integrity and reliability of TLICL´s finances, including
  - Business planning including annual budgets and determining key financial measures
  - Capital and Solvency position including setting appropriate internal capital buffers
  - Directors' remuneration
  - Dividend policy
  - Accounting policies
  - Approval of public documents
- Approving the finance and investment strategy and policy
- Approving the underwriting strategy and policy and monitoring its implementation
- Reinsurance responsibilities
- Claims and Reserving Responsibilities
- Risk and Audit Responsibilities
  - Establishing an effective risk management framework including risk management strategies and policies and risk appetite and tolerance limits
  - Establishing an appropriate internal control system and monitoring its effectiveness
  - Overseeing the completion of QRTs, RSRs and SFCRs
- Approving, managing and monitoring the internal and external audit strategy and the performance and effectiveness of the external and internal auditors
- Overseeing, guiding and challenging the ORSA and approving the ORSA report

TLICL has in place a Finance and Investment Committee, which operates under agreed Terms of Reference approved by the Board. The key responsibilities of the Committee include:

- Formulation of the investment strategy and policy with clear investment guidelines
- Regularly review the portfolio returns and yields and report to the Board
- Regularly review the credit quality of the Institutions with which funds are held
- Consider cashflow requirements of the Company to ensure short term liabilities are met
- Consider the appointment of Investment Managers as and when appropriate
- Supervise any investment audit requirements

TLICL has in place a Risk and Audit Committee, which operates under agreed Terms of Reference approved by the Board. The key responsibilities of the Committee include:

- Recommend the Company´s framework for risk tolerance limits and risk appetite
- Ensure appropriate risk management policies are established and maintained
- Develop, implement and maintain a risk register
- Ensure the ORSA and stress testing is completed in compliance with the Company´s ORSA policy

- Identify emerging risks and ways of mitigating and managing them
- Monitor and report on any material breaches of risk limits and propose recommendations and actions to take
- Liaise with the Actuarial Function Holder in respect of the risk register and ORSA to ensure the Company´s overall solvency needs are being adequately addressed
- Review conduct and complaints data, and ensure there is no unnecessary conduct risk that may result in customer detriment
- Monitor and report on market trends and legislative or regulatory changes

TLICL has in place an Underwriting Committee of which the key responsibilities include:

- Establish the underwriting policy of the organisation
- Determine the business opportunities and underwriting proposals for approval by the Board
- Review the performance of the business written via variance reporting, loss ratios, claims frequency, key performance indicator trends and monitoring broker performance
- Formulate rate proposals and recommendations
- Consider and present changes to products
- Manage broker relationships
- Awareness of fraud and designing anti-fraud measures
- Monitor market trends and legislative changes and potential impacts

B.1.2 Key Functions

TLICL has in place four key functions as required by the SII directive. These are:

- Risk Management
- Compliance
- Actuarial
- Internal Audit

These functions are responsible for providing oversight of the relevant area and providing assurance to the Board on the operation of TLICL's risk management framework. All functions are overseen by Directors of the business, thus ensuring they have the appropriate authority to carry out their roles.

B.1.2.1 Risk Function

The Board of TLICL retains full responsibility for the risk function. The function is overseen by Christopher W. Johnson.

The function holder is supported in his role by the executive directors and the Risk and Audit and Underwriting Committees, outsourced service providers, including TLICL's insurance manager, who provide input into and assistance with risk management.

B.1.2.2 Compliance Function

TLICL outsources compliance services to its insurance manager but with the function overseen by David J. Flux. The compliance team works closely with other companies owned by David J. Flux in providing compliance services to TLICL.

The Board has approved a compliance monitoring programme, which is updated on an annual basis, and is intended to ensure that TLICL complies at all times with all relevant rules, regulations, legislation and guidance to which TLICL is subject, both in Gibraltar and, where applicable, in the UK.

Being outsourced, the function is operationally independent from the other areas of the business and, while it reports to the Board, the Board is not able to influence the function or to exert other inappropriate pressures. The Compliance function is authorised to access all areas of the business and is therefore entitled to full and unrestricted access to all information, records, property, personnel and activities, including those residing with outsourced service providers.

The Compliance function formally reports to the Board on a quarterly basis.

B.1.2.3 Actuarial Function

The Actuarial Function has specific duties and responsibilities under Solvency II. TLICL has outsourced the actuarial function services to TLF Consulting Ltd (which provides the services of Michael Tripp, former Actuarial Head at Mazars LLP) and to Mazars LLP, under oversight of Duncan R. Heath as the appointed Actuarial Function Holder. The outsourcing arrangement ensures that the actuarial function is operationally independent. Specific duties of the Actuarial Function include, but are not limited to:

- Coordinating the calculation of the firm's technical provisions
- Assessing the sufficiency and quality of the data used in the calculation of technical provisions against the data quality standards as set in Solvency II
- Informing the Board of the reliability and adequacy of the calculation of technical provisions
- Expressing an opinion on the overall underwriting policy
- Expressing an opinion on the adequacy of reinsurance arrangements
- Contributing to the effective implementation of the risk management system
- Preparing the Actuarial Function Report for the Board at least annually

B.1.2.4 Internal Audit

TLICL's Internal Audit function is overseen by Andrew C. Dodds, supported by the Risk & Audit Committee. Internal Audit is responsible for evaluating the approach to risk management and governance, with particular emphasis on the internal control system.

TLICL outsources the Internal Audit function to PKF Littlejohn (as necessary), who have the skills, knowledge and expertise to provide the services and are entirely independent from operational aspects of the business.

B.1.3 Changes during the period

Since the re-domiciliation of TLICL to Gibraltar on 01 July 2020, additional committees have been set up to improve the Systems of Governance and also as the composition of the Board has changed then there have been amendments to the Key Function Holders as reported above.

B.1.4 Remuneration Policy

TLICL has one employee. The Independent Non-Executive Directors also receive remuneration from TLICL on a fixed fee basis. There is no variable or performance related elements to their remuneration. Directors´ remuneration is approved by shareholders. The Company has applied the principle of proportionality to requirements regarding policy on remuneration and the remuneration committee. The Company does not have a policy in respect of remuneration, and does not have a remuneration committee.

B.1.5 Material Transactions

During the year, TLICL paid a fee of £206,250 (2020 : £300,000) to its insurance manager for services provided. At 31 March 2021, the balance owed by TLICL was nil (2020 : nil).

B.2 Fit and Proper Requirements

B.2.1 Requirements for Skills, Knowledge and Expertise

TLICL requires that members of the Board and Committees and those individuals carrying out other significant functions are fit to carry out their roles through the possession of the necessary skills, knowledge and experience and that all such individuals are of good repute and integrity. This ensures an appropriate spread of skills for managing the business.

The fitness requirements set out that collectively the Board and Committees cover at least the following areas:

- Knowledge of insurance and financial markets
- Understanding of the business strategy and the business model
- Understanding of the systems of governance
- Knowledge of financial matters, actuarial analysis and management information
- Understanding of the regulatory framework and requirements

B.2.2 Policies and Processes with regard to Fit Requirements

The Board will consider the skills, knowledge and experience required prior to any new appointment and assess whether the individual meets the requirements. On an ongoing basis, all individuals are required to ensure that their skills and knowledge are kept up-to-date and to confirm this annually. The fitness of key individuals is monitored and reported on by the compliance function.

B.2.3 Policies and Processes with regard to Proper Requirements

All individuals carrying out key or significant functions for TLICL are required to demonstrate that they meet TLICL's proper requirements with regard to their reputation and character. In order to assess whether this requirement is met, the following factors will be considered:

- the individual’s character;
- the individual’s personal behaviour;
- the individual’s business conduct;
- any criminal aspects;
- any financial aspects;
- any regulatory aspects.

TLICL’s compliance function ensures that appropriate Notification Documents are prepared for all individuals carrying out notifiable functions and submitted for regulatory approval. The compliance function is responsible for checking propriety on an ongoing basis and to report to the Board at least annually.

B.3 Risk Management System Including ORSA

B.3.1 Risk Management System

B.3.1.1 Overview

TLICL categorises its risks as follows:

- Underwriting/Insurance
- Reserving
- Reinsurance
- Investment
- Market
- Governance
- Regulatory and Compliance
- Systems and Operational

TLICL’s aim is to ensure that the business is managed at all times in a risk-focused manner in order to achieve TLICL’s overall strategic objectives. TLICL has in place policies, processes and procedures for each category of risk.

Risk management is the responsibility of the Board with assistance from the Executive Directors and the Underwriting and Risk and Audit Committees. Furthermore, due to the small size of TLICL, it depends on assistance from individuals within its outsourced service provider, in particular its insurance manager.

The system of governance is based on the principle of proportionality, such that systems are proportionate to the nature, scale and complexity of Company’s operations.

B.3.1.2 Risk Management Strategies, Objectives, Processes and Reporting

TLICL’s risk management policy is intended to identify all material risks, minimise risks wherever possible and manage and control all significant risks within acceptable limits. The ultimate goal is to ensure policyholder protection, both now and in the future and for TLICL to achieve TLICL’s overall strategic objectives.

TLICL sets risk appetite and tolerance limits for each category of risk and monitors performance on a quarterly basis.

B.3.1.3 Identification, Measurement, Monitoring, Management and Reporting of Risks

TLICL's Board regularly discusses and considers actual or potential risks and utilises a risk register to do so. All risks identified are recorded and assessed as to their impact and the likelihood of their occurrence, both on an inherent basis (before controls and mitigations) and on a residual basis (after taking account of appropriate controls and mitigations).

The highest rated risks are reported to the Board on a regular basis. In addition, at each Board meeting consideration is given to whether TLICL's risk profile or risk exposure has changed due to decisions taken.

Risk events are reported to the Board when they occur and are recorded in the risk register, including their impact and resolution.

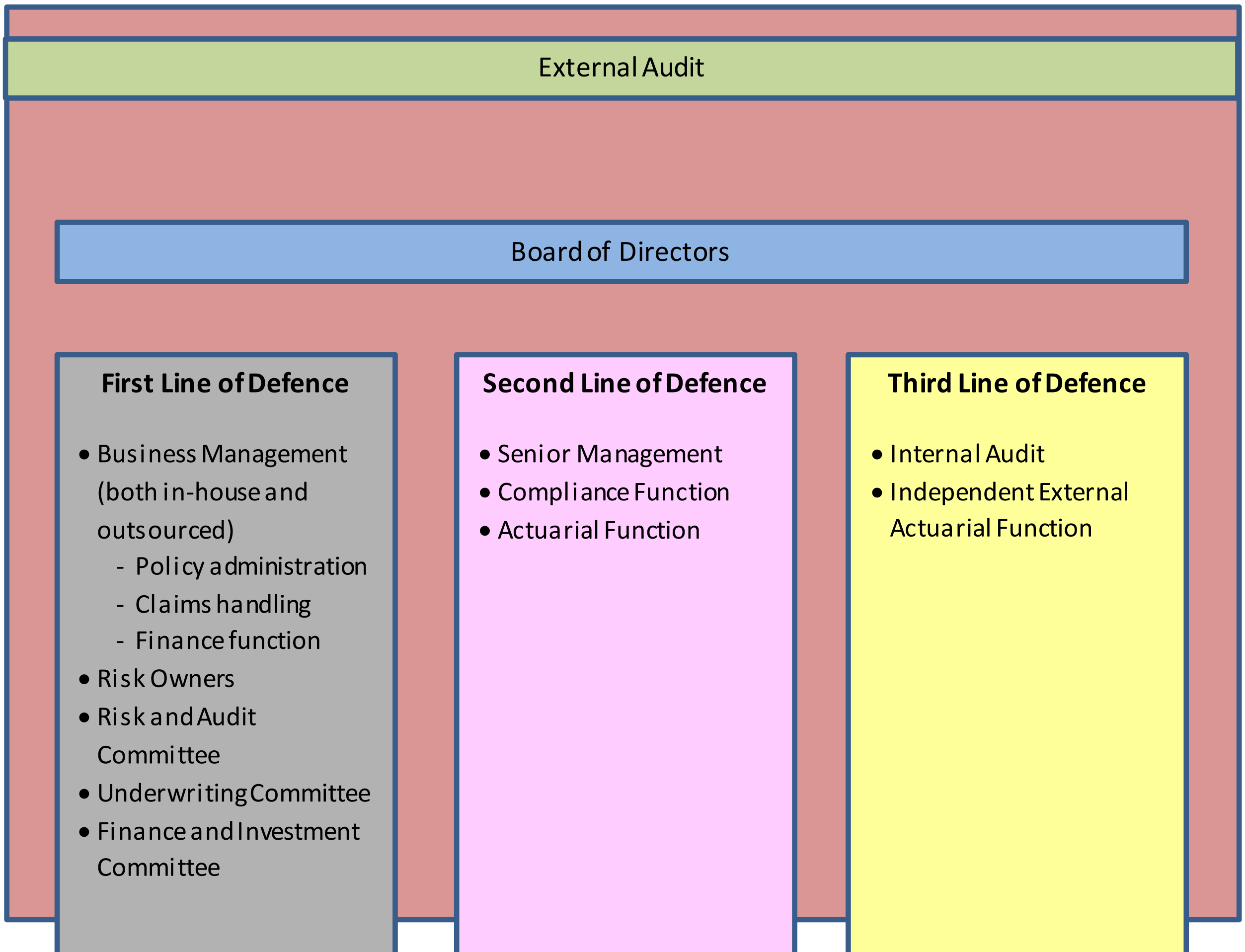
Risk management involves the Board and key outsourced providers. All forums (e.g. Underwriting and Risk and Audit Committees) and individuals involved in risk management have a duty to inform the Compliance, Internal Audit or Actuarial functions of any facts that may be relevant to these functions in performing their duties.

In addition, the Board will receive regular reports from the outsourced Internal Audit function as to the adequacy, effectiveness and efficiency of the internal controls.

B.3.1.4 Implementation of Risk Management Function

The Board of TICL has retained responsibility for the risk management function. While TLICL relies on its outsourced service providers for elements of the day-to-day operation of risk management, oversight and control remains with the Board. This ensures that risk management is fully integrated into TLICL's business and its decision-making processes.

TLICL operates a three-line of defence model as set out below:



First line of defence: Responsible for the day-to-day management and control of risk and the establishment and operation of appropriate internal control measures.

Second line of defence: Responsible for operation of the risk management framework and oversight of risk control and management. Has a level of independence from the day-to-day management and provides the Board with some assurance over the effectiveness of the risk management system.

Third line of defence: Responsible for providing independent assurance on the effectiveness of the first and second lines of defence and over the risk management framework and system of internal controls.

B.3.2 Own Risk and Solvency Assessment

B.3.2.1 ORSA Process and Integration

TLICL has established a policy setting out the requirement to carry out an ORSA. The purpose of the policy is to ensure that all material risks faced by TLICL are appropriately assessed and the level of capital required managing these risks or other risk mitigation measures are determined and put in place. The ORSA should provide the Board and management with a thorough understanding of TLICL's risk profile and provide the information needed to make appropriate decisions.

The ORSA takes account of historic performance and future forecasts/budgets over the business planning horizon, which is a period of three years. Various members of the management team and relevant outsourced providers will carry out the ORSA. The Board maintains oversight and control at all times, steering how the assessment is performed and challenging the results to ensure they properly take account of TLICL's material risks.

TLICL conducts at least an annual ORSA after which a formal report is prepared. This will take place during the final quarter of TLICL's financial year, thus ensuring that the timing is aligned with the business planning process.

As part of the ORSA process, management assess the risks to which TLICL is exposed and their potential impact on the capital requirement together with any other relevant mitigating factors. This consists of both a quantitative assessment through appropriate stress and scenario tests, as well as a qualitative assessment of risks which may not be covered by capital. The outcome from the ORSA process is to determine the level of capital which the Board consider appropriate for the business.

In addition to the above, the Board will formally assess on a regular basis whether any decisions taken, risk events, market factors or other similar items affect TLICL's risk profile, risk appetite, free reserves or other relevant matters. In such a case, the impact on TLICL's own assessment of its capital needs will be considered and, if required, a further ORSA together with an SCR calculation will be carried out.

In particular, the following thresholds will require an automatic revision of the ORSA, regardless of other circumstances:

- A new material line of business (>£2m of gross written premium) is under consideration
- A material change in the Scheme of Operations is being proposed (e.g. change to the investment profile)
- Major changes in the risk tolerance limits or reinsurance arrangements
- Major changes to the premium levels
- SCR buffer falling below 40%, and forecast performance of the business being such that the management feel the buffer will continue to erode post the 40% breach
- There is a material default in an asset class (e.g. bank failure: reinsurer failure or investment default)

The ORSA is conducted by management, including outsourced service providers, with the Board maintaining oversight and control at all times and steering the assessment. The draft report produced is provided to the full Board for discussion, challenge and approval. This is applicable for each ORSA, whether annual or ad-hoc due to changes in the business.

B.3.2.2 Relationship between Solvency Needs, Risk Profile, Capital Management and Risk Management

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

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

The Board takes due account of the available capital, TLICL's risk profile, future business plans and the outcome of the ORSA in an iterative cycle.

B.4 Internal Control System

B.4.1 Internal Control System

TLICL is committed to managing its business in a risk-focused manner. In order to achieve this, appropriate controls have been put in place to reduce risks where possible. Risk management and the adherence to the internal controls are an integral part of the business culture.

Responsibility for establishing an appropriate internal control environment rests with the Board as a whole and its Directors individually. TLICL has established internal control systems which take due account of the nature of the business. Responsibility for adherence to internal controls rests with all individuals involved in the management of the business.

The internal control policy is targeted at ensuring that:

- Processes and procedures exist for the identification and assessment of risks
- Appropriate processes and procedures are in place to control identified risks
- Individuals involved in the business are trained and aware of their role with regard to internal controls
- Appropriate monitoring and review processes are in place

Key controls that operate to mitigate risks are recorded in the appropriate risk register. The internal control framework for TLICL is subject to review by TLICL's internal audit function.

B.4.2 Compliance Function

B.4.2.1 Implementation of Compliance Function

The compliance function is an integral and significant element of TLICL's business, responsible for ensuring TLICL complies with all relevant rules, regulations, guidance and legislation with regard to both Gibraltar and UK requirements. The compliance function also reports to the Board on any relevant changes in the legal environment in which TLICL operates.

TLICL outsources its Compliance function to its insurance manager, with a named Compliance Officer having overall responsibility. The compliance function has established a Compliance Monitoring Programme which is approved by the Board on an annual basis. Compliance formally reports to the Board on a quarterly basis with regard to the tasks carried out during the quarter.

While the provision of compliance services has been outsourced, this remains under the oversight of the Board, in particular the function holder, and the Board retains full responsibility.

B.4.2.2 Independence and Authority of Compliance Function

Due to the outsourced nature of the compliance function, the function is operationally independent from the other areas of the business.

The compliance function is authorised to access all areas of the business and is therefore entitled to full and unrestricted access to all information, records, property, personnel and activities, including those residing with outsourced service providers.

The Board considers and approves the compliance monitoring programme on an annual basis to ensure that all relevant areas are captured and receives the quarterly compliance reports, but does not otherwise seek to instruct or influence the Compliance function.

B.5 Internal Audit Function

B.5.1 Implementation of the Internal Audit Function

Internal Audit (IA) is an objective and independent activity, whose role is to help management achieve TLICL's objectives by constantly improving the effectiveness of TLICL's operations. It is responsible for evaluating management's approach to risk management and governance, with particular emphasis on systems of internal control. It investigates the manner in which TLICL's processes and controls operate in order to assess their effectiveness in ensuring compliance with strategy and policies.

The Internal Audit function covers all aspects of TLICL's business. In particular, it will consider:
- Governance and business planning
- Underwriting and policy administration
- Claims handling and reserving
- Investment
- Finance/Accounting
- IT
- Compliance

The board member responsible for Internal Audit oversees a three-year Plan, prepared in conjunction with the IA outsourced service provider to ensure that all relevant areas are covered within an appropriately determined timeframe, taking into account the relevant risks and uses this plan as the basis for the detailed annual plan. The outsourced Internal Audit function carries out its examination according to the IA Plan and as requested on an ad hoc basis on any additional areas.

TLICL outsources the Internal Audit function to an external firm, whose appointment and performance is periodically reviewed by the Risk and Audit Committee, in order to make recommendations to the Board as to appointment.

A number of internal assurance processes and procedures will be taken into account by the outsourced provider in discharging their duties:

- The Board, with the assistance of its insurance manager, carries out an internal review of the governance, risk management and business planning systems and processes, including its own procedures, on an annual basis
- Stephenson Smart, a Chartered Accountancy practice, carry out periodic audits of the claims handler and brokers report to the Board, these audits to be conducted at least annually
- Internal Audit will liaise with and leverage the work of the external auditors

After each audit, appropriate reports are produced.

B.5.2 Independence and Objectivity of the Internal Audit Function

Internal Audit is outsourced to an external firm with the required skill-set and experience and is not involved in any operational aspects of the business. This ensures that the function is independent, objective, and impartial and not subject to influence from the Board or management.

Internal Audit is authorised to review all areas of TLICL (as necessary) and its business, and is therefore entitled to have full and unrestricted access to all information, records, property, personnel and activities. Staff and management (even if not staff of TLICL) have a duty to make all requested information available promptly and to assist with any enquiries.

The Board will approve the 3-year audit and assurance plan, on the recommendation of the Risk & Audit Committee, and is free to request additional areas to be reviewed by internal audit and/or internal assurance activity. In addition, the Board receives and reviews the reports produced by the function. However, the Board does not otherwise seek to instruct or influence the Internal Audit team.

B.6 Actuarial Function

B.6.1 Implementation of Actuarial Function

The role of the Actuarial Function is to provide the Board with an independent perspective on key insurance aspects of TLICL's operations. This will ensure that the Board is fully informed of matters that may impact the business.

TLICL outsources the Actuarial Function services to a qualified, external actuary who provides the services under oversight of the Actuarial Function Holder and ultimately the Board.

The Actuarial Function is responsible for the following areas:

- Coordinate the calculation of the firm's technical provisions
- Assess the sufficiency and quality of the data used in the calculation of technical provisions against the data quality standards as set in Solvency II
- Inform the Board of the reliability and adequacy of the calculation of technical provisions
- Express an opinion on the overall underwriting policy
- Express an opinion on the adequacy of reinsurance arrangements
- Contribute to the effective implementation of the risk management system
- Prepare the Actuarial Function Report

The Actuarial Function reports its findings to the Board at least annually, covering all areas for which it is responsible. The report should be appropriate to assist the Board in its decision-making process and to identify to the Board areas where improvements are required. The report should also identify any material uncertainty about data accuracy and explain the approach taken in light of this uncertainty.

B.7 Outsourcing

B.7.1 Outsourcing Policy

Outsourcing is defined as the contracting out of all or part of an internal process or internal activities to a third party provider on a continuous basis. TLICL has in place an outsourcing policy which ensures that all outsourcing will:

- Support TLICL's business strategy and key objectives
- Provide customers with an experience at least as good – or better – than an in-house alternative
- Enable the firm to deliver a service experience to customers at a cost consistent with TLICL's cost objectives/budget/business plan
- Enable TLICL to exercise control over outsourced service providers to ensure that any risks are properly identified, understood and appropriately mitigated
- Enable TLICL to demonstrate that its responsibilities in respect of outsourced activities are being effectively discharged

While TLICL outsources certain key activities, TLICL retains all decision-making powers and ultimate responsibility for the outsourced services.

The outsourcing policy sets out the following:

- The definition of outsourcing
- Responsibility for implementation and operation of the policy and consequent controls and processes
- The criteria for outsourcing
- Due diligence on potential providers
- Establishment of appropriate contractual arrangements which clearly define responsibilities and allow adequate supervision and control
- Establishment of appropriate contingency planning, including terminating or exiting the arrangement
- Periodic audit requirements
- Records of outsourced arrangements
- The approval process
- Contract and legal requirements
- Risk assessment and risk mitigation measures
- Monitoring and on-going requirements

The General Manager is responsible as part of his Risk Function for ensuring outsourcing arrangements are engaged and monitored in accordance with guidance from the GFSC and other regulatory bodies as well as the requirements of the Solvency II Act in Gibraltar.

B.7.2 Outsourced Functions and Activities

The following table sets out the key functions outsourced by TLICL:

Function	Service Provider	Jurisdiction located
Internal Audit	PKF Littlejohn	UK
Actuarial	TLF Consulting Ltd/Mazars LLP	UK
Risk Management	Artex Risk Solutions (Gibraltar) Ltd	Gibraltar
Compliance	Artex Risk Solutions (Gibraltar) Ltd	Gibraltar
Policy Administration	A S Flux Insurance Services/Herts Insurance Consultants/Hadleigh Breakdown	United Kingdom
Claims	Hadleigh Claims Management Ltd	United Kingdom
Sales and Distribution	Selected insurance brokers	United Kingdom
Asset Management	(i) BOV Asset Management Limited (ii) Team Asset Management (iii) J. Safra Sarasin (Gibraltar) Ltd	(i) Malta (ii) Jersey (iii) Gibraltar

B.8 Any other Information

B.8.1 Adequacy of Systems of Governance

TLICL is a small company with the directors closely involved in all key aspects of the business. TLICL is not complex with known and fully understood risks. The systems of governance have therefore been established taking due account of the principle of proportionality, being appropriate to the size, nature and scale of the operations.

The Board has in place a process of regularly evaluating the effectiveness of the systems of governance. In addition, governance falls within the remit of both internal and external audit and the risk management function continuously assesses relevant legislation, guidance, advice and best practice to ensure that the systems of governance are updated and maintained at all times.

B.8.2 Any other Material Information

There is no other material information to report as at 31 March 2021.

C. Risk Profile

TLICL's governance framework sets out the type and level of risk which TLICL is willing to accept in the achievement of its strategic objectives. This framework provides both qualitative and quantitative measures and limits, which are taken into account in making key business decisions.

TLICL's appetite is for the business to focus mainly on motor risks together with a smaller volume of ancillary, motor-related risks. Predominantly all business is underwritten in the UK with a very small number of policies potentially being written in the Channel Islands.

With regards to investments, TLICL pursues a strategy which is focused on capital preservation whilst seeking to achieve investment returns that are better than cash deposits through diversified investment funds on a carefully selected basis, thus adopting a careful and conservative investment policy.

TICL's risk profile at 31 March 2021 is set out in the table below:

	2021	**2020**
Risk Category	**% of SCR**	**% of SCR**
Insurance Risk	58.8%	55.5%
Market Risk	17.0%	13.1%
Counterparty (Credit) Risk	10.7%	16.7%
Operational Risk	13.5%	14.8%

C.1 Underwriting Risk

C.1.1 Material Risks

Underwriting risk arises from the risk of loss from changes in insurance liabilities. This can arise from inadequate pricing or risk selection, inappropriate reserving, or other fluctuations in the timing, frequency and severity of insured events.

Trinity Lane is responsible for managing its insurance risks linked to underwriting, pricing and reserving. It is also responsible for taking appropriate action in response to changes in insurance cycles and to the political and economic environments in which it operates. In the context of the business underwritten, Trinity Lane distributes all its business through intermediaries in a highly competitive industry. Furthermore, the motor market has recently been subject to numerous regulatory and legislative changes and is highly sensitive to the economic environment, the behaviour of policyholders and actions of other service providers to the industry, such as claimant lawyers and claims management companies. The Company manages underwriting risks through regular review of performance information, encompassing loss ratios, frequency, and cost of claims by products and distribution channels.

The following are the key underwriting risks that have been identified:

- Risks priced too low, resulting in unprofitable business being written
- Undesirable market segments targeted, resulting in unprofitable business being written; Inappropriate reinsurance strategy, resulting in insufficient protection or excessive cost; Under-reserving for claims, resulting in deteriorating performance and inappropriate decision making
- Catastrophic events exposing the Company to a significant increase in claims frequency and severity
- Lack of product research and testing
- Fraudulent claims which are undetected, resulting in excessive claims cost
- Increase in the cost of claims, resulting in financial loss

Underwriting risk is identified and assessed using management information provided by intermediaries, including gross written premiums, claims reserves, loss ratios, and complaints data. Intermediary reviews are also carried out according to a risk based schedule, to review adherence to contractual requirements including the limited delegated underwriting authority parameters; the outcome of these reviews is also part of the Company's assessment of underwriting risk. There has been no change to this methodology over the reporting period.

This information is reviewed by the Board and used in decision making to manage and mitigate underwriting risk, ensuring it is consistent with the Company's risk appetite. The Board reviews underwriting reports on a quarterly basis at its meetings.

C.1.2 Material Risk Concentrations

The key underwriting risk for Trinity Lane is geographical concentration – all of its business is written in the United Kingdom and the Channel Islands so it does not have international geographical diversity and is exposed to UK government decisions, such as, for example, the change in the Ogden discount rate in 2017. Nevertheless, its insurance portfolio is geographically dispersed within the country, and it displays significant diversity within its product set.

The majority of the Company's business comprises motor insurance, therefore leading to some risk concentration due to exposure to market factors. In fact, the Company has an exposure of a cumulative nature arising from a single event or chain of events. However, within this class of business, Trinity Lane writes a variety of different categories of risks, including classic and specialist cars. The Company also writes a book of motor breakdown insurance. In addition, with regard to distribution, through 2019/2020 the number of intermediaries was increased further.

C.1.3 Risk Mitigations

Insurance risks for motor business are controlled through four major processes, namely:

- Risk controls on new and existing products that complement underwriting rules and product profitability analyses;
- Optimising of reinsurance strategies in order to limit the peak exposures of the Company thereby protecting its solvency by reducing volatility;
- Reviewing technical reserves. TLICL uses historic claims data to predict future claims reserves, based on claims still outstanding as at the end of the month and year. This is demonstrated by a stable claims profile over a number of years, making claims and reserves predictable
- Monitoring emerging risks.

TLICL mitigated underwriting risk through the purchase of reinsurance protection and the implementation of appropriate controls. The Company purchases Excess of Loss reinsurance to protect against the impact of large claims. In addition, the Company has in place Quota Share reinsurance arrangements to mitigate the impact of lower value, attritional losses. The Company also has a documented underwriting strategy.

In addition, TLICL further mitigates underwriting risk through the following:

- Monthly review of performance information
- Systematic audits of individual risks to ensure pricing is within agreed parameters
- Regular audits of intermediaries
- Regular audits of the claims handler
- Regular updates of the risk register, including reporting of any risk events
- Stress testing of loss ratios as part of the ORSA process

It has to be borne in mind that the underwritten insurance policies are relatively short term (mainly annual products), so TLICL has the ability to increase premiums or decide not to renew certain policies and if necessary cancel insurance policies to ensure that the remaining policyholders continue to be protected and that TLICL maintains its required solvency levels.

C.1.4 Stress and Sensitivity Testing

TLICL carries out stress and sensitivity testing as part of the ORSA process, which is carried out at least annually. This considers stresses both with regard to business volumes, future loss ratios, default of counterparties and the run-off of existing reserves. This showed that the greatest sensitivity arises from changes in future loss ratios driven by a change in frequency of large bodily injury or deterioration in existing reserves due to changes in loss ratios. However, given the high level of reinsurance protection purchased by the firm, and that many of the risks sold by TLICL are short term in nature the Board feels that TLICL is in a good position to respond to adverse development of attritional loss ratios should this situation arise.

C.2 Market Risk

C.2.1 Material Risks

Market risk arises from changes in the income generated by investments or from changes in the value of such investments and includes:

- Interest rate risk
- Spread risk
- Equity risk
- Currency risk
- Property risk
- Concentration risk

TLICL pursues a conservative investment policy, focused on the preservation of capital. This policy covers the level of security, quality, profitability, diversity and availability which the undertaking is aiming to achieve in relation to the whole portfolio of investments. As a result, the Company has no significant investments in equities, no investment in property and because its assets and liabilities are all in GBP, there is no need to hedge for currency risk. Any activity whatsoever outside of the accepted parameters needs specific Finance & Investments Committee/Board approval.

In addition, the Company uses the services of carefully selected and experienced asset managers who operate under an approved investment policy and within agreed guidelines. As well as setting limits with regard to the type of investments and the rating of counterparties, the policy sets a benchmark return and imposes limits on exposure to single counterparties. The Finance & Investments Committee meets on a regular basis to assess the performance of the portfolio and recommend any changes which may need to be made.

The banking and custodian functions are carried out by reputable entities and the agreements in place are considered to be adequate to safeguard the undertaking from failure of the custodians.

The main market risks to which the Company is exposed to are:

- Loss in the value of investments or categories of investments due to market factors
- Inappropriate investment guidelines which do not meet the Company's requirements

C.2.2 Material Risk Concentrations

TLICL has in place a diversified investment portfolio and is therefore not exposed to any material market risk concentration.

C.2.3 Risk Mitigations

TLICL mitigates exposures to market risk by implementing controls for interest rate risk, equity risk, property risk, spread risk and currency risk.

TLICL mitigates market risk through the following mechanisms:

- Regular review of investment performance and submission of regular investment reports
- Custodian agreements
- Use of more than one asset manager
- Investment policy and guidelines with agreed limits
- Diversification within the investment portfolio

C.2.4 Prudent Person Principle

As at 31 March 2021, TLICL appointed (i) BOV Asset Management Limited, (ii) Team Limited and (iii) J. Safra Sarasin (Gibraltar) as its asset managers. Investment Management Agreements are in place and which do not allow for investments in derivatives and collective investments schemes. These agreements specify maximum exposures to allow for diversification and minimise concentration risk. Derivatives can neither be used for hedging purposes.

The Company thus pursues a conservative investment policy, which ensures investments are limited to relatively standard and easily understood products, the performance of which the Company is able to readily monitor and manage. The investment policy balances capital preservation with investment return and sets limits with regard to the risk tolerance, credit rating, modified duration and other measures, taking into account the nature and duration of the Company's liabilities. In addition, the policy requires appropriate diversification of exposure within the portfolio.

TLICL does not directly undertake any unusual or non-routine investment activities. However, should any such investments be proposed, the Finance & Investments Committee will:

- Assess the impact on the Company's risk profile, consider whether a revised ORSA is required as a result and make the necessary recommendation to the Board
- Ensure that appropriate skills are in place to manage and monitor the investment activity – either internally or within the investment manager;

- Demonstrate to the Board how the proposed investment activity will improve the portfolio as a whole.

The Company has an Investment Policy which sets out the framework to maintain a portfolio of investments which achieves an appropriate investment return for the Company in which it may set investment mandates and manage its asset/liability management activities. This includes:

- Defining the investment objectives and benchmarks including the quality of counterparty by setting a minimum credit rating
- Documenting and communicating the investment philosophy
- Specifying the requirements for asset liability management including the setting of appropriate counterparty limits to avoid excessive risk concentration
- Ensuring compliance with all regulatory requirements
- Investment in marketable instruments which are traded and valued in a regulated financial market
- Investment in assets which will enable the Company to meet the Minimum Capital Requirement and the Solvency Capital Requirement.

C.2.5 Stress and Sensitivity Testing

Given the simple nature of TLICL's investment approach, stress tests during the ORSA process in respect of Market Risk have been limited to a shock to the risk free interest rate used to discount cash flows under Solvency II under the Standard formula. The results of these stress tests did not materially alter TLICL's solvency coverage.

C.3 Credit Risk

C.3.1 Material Risks

Credit risk arises from the risk that parties who owe money to TLICL are unwilling or unable to pay the amounts due to TLICL. Credit risk for TLICL arises from a number of sources:

- Banking counterparties
- Reinsurance counterparties
- Premiums due from intermediaries

TLICL aims to minimise the credit risk arising from its operations through the careful section of counterparties and close management and control of amounts due to TLICL.

C.3.2 Material Risk Concentrations

TLICL's credit risk exposures during the year were diversified as set out below:

- Funds were held with more than one banking counterparty
- Reinsurance exposure is diversified between more than one counterparty
- The bond portfolio is diversified between counterparties
- The Company uses two principal (and a number of smaller) intermediaries in distributing its products

C.3.3 Risk Mitigations

The Company mitigates credit risk through a number of mechanisms, namely:

- Ensuring distribution is via multiple intermediaries
- Carrying out periodic audits of brokers
- Monitoring of receivables by the insurance manager
- Establishing and monitoring credit terms for brokers
- Using an experienced reinsurance broker
- Ensuring reinsurance counterparties are appropriately rated
- Monitoring reinsurance recoveries
- Ensuring banking counterparties are appropriately rated
- No derivatives or other risk mitigation techniques have been used in relation to credit risk.

C.3.4 Stress and Sensitivity Testing

TLICL depends to a large extent on its reinsurance programme in mitigating risk. Hence the credit risk arising from these arrangements needs to be appropriately managed. The risk of reinsurers suffering a credit downgrade is therefore one of the stresses considered as part of the ORSA process. Due to the diversification of reinsurers, TLICL is relatively resilient to this risk.

C.4 Liquidity Risk

C.4.1 Material Risks

Liquidity risk is the risk of losses from an inability for TLICL to pay its liabilities as they fall due. TLICL has a low level of liquidity risk, for those assets supporting technical provisions, due to the nature of the investment portfolio and the amount of funds held within the banks. The Company therefore does not have any material liquidity risk exposure.

C.4.2 Material Risk Concentrations

There are no material liquidity risk concentrations due to the investment approach of TLICL.

C.4.3 Risk Mitigations

Liquidity risk is mitigated through the carefully structured and diversified investment portfolio and the funds held with banks. Additionally the Finance and Investment Committee meets regularly to review the liquidity position of the Company.

C.4.4 Stress and Sensitivity Testing

Liquidity risk is not subject to separate stress and sensitivity testing as the risk is not considered to be material to TLICL.

C.4.5 Expected Profit in Future Premiums

The expected profit in future premium (excluding run-off expenses) as at 31 March 2021 is nil (2020 : nil).

C.5 Operational Risk

C.5.1 Material Risks

Operational risk arises from failed internal processes, procedures or controls, from personnel or systems failures, from external events or from a failure to comply with legislation, regulations or other obligations. Reputational risks have also been considered in this category.

TLICL has identified the following key operational risks:

- Material service provider risk where they fail to meet contractual obligations or go into liquidation
- Regulatory and legal risk
- Reputation risk
- Financial crime risk including fraud
- Market environment including recession, more aggressive competition
- Lack of Innovation
- Key infrastructure

- Business Continuity Plan failure
- Incomplete MI
- Loss of physical and electronic data
- Breach of GDPR data protection rules
- Cyber risks

Operational risks are identified, assessed and set out in TLICL's risk register, along with appropriate controls. There is a process for regular reporting of risk events.

The risk register is discussed on a regular basis by the TLICL Board, with input from all relevant functions and activities within the business.

C.5.2 Material Risk Concentrations

There are no material risk concentrations.

C.5.3 Risk Mitigations

TLICL has a strong internal control framework to mitigate operational risk. This encompasses the following key controls in managing operational risk:

- Regular audit of key service providers
- Four eyes control over all key operational areas
- Appropriate Disaster Recovery and Business Continuity Plans
- Detailed analysis and review of monthly MI
- Oversight, monitoring and audit of the claims handler
- Establishment and maintenance of a conflicts of interest register
- Regular dialogue with key stakeholders, including regulators and intermediaries
- Monitoring and reporting by the Compliance function

C.5.4 Stress and Sensitivity Testing

Operational risk is included in the Standard Formula, with an appropriate risk charge calculated. In addition, a number of operational risks would directly impact underwriting risk and are therefore also captured. As part of the ORSA process, TLICL also considers those risks which may not be fully captured in the Standard Formula, in particular the exposure to outsourced service providers and various reputational risks. These risks are managed through appropriate controls and other mitigating actions, such as close involvement of the Board in all key operational decisions.

C.6 Other Material Risks

Due to TLICL re-domiciling from Malta to Gibraltar on 01 July 2020 the Brexit risk that existed has been removed now and the Company can still carry on passporting in to the UK.

Brexit has however disrupted the supply chain for repair parts for motor vehicles, particularly when the supply of these parts is from within the EU, with such delays giving rise to additional repair costs. The Board continually monitor this situation closely making underwriting adjustments as appropriate.

In response to Covid-19, TLICL invoked its business continuity plan but this did not give rise to any material operational issues and TLICL's systems of control continued to operate as normal. Covid 19 has been an unprecedented event for the insurance sector and led to a significant reduction in the number of motor insurance claims. New and different variants of Covid 19 have been experienced , including the recent Delta variant, but the hope is that the successful vaccination programme will help the economy to gradually start the process of getting back to some form of normality in the near future.

The Board continues to monitor developments as they occur to ensure that actions are taken to mitigate any potential adverse impact as far as possible.

D. Valuation for Solvency Purposes

D.1 Assets

The following bases, methods and assumptions have been used in valuing each material class of assets for Solvency II purposes.

The material classes of assets as at 31 March 2021, except for reinsurance technical provisions, are set out in the table below:

Description	2021		2020	
	Solvency II Value	GAAP Value	Solvency II Value	GAAP Value
	£'000	£'000	£'000	£'000
Investments	36,697	36,342	29,056	28,728
Insurance and Intermediaries Receivables	230	8,458	-	5,101
Reinsurance Recoverable	29,047	44,480	24,298	49,424
Reinsurance Receivables	-	-	-	-
Cash and cash equivalents	5,594	5,594	12,147	12,147
Deferred Acquisition Costs	-	1,458	-	1,578
Trade Receivables	27	27	72	72
Deferred Tax Asset	-	-	840	79
Any Other Assets	-	439	-	350

D.1.1 Bonds

At the year end, TLICL had a total of £36.7m (2020 : £29.1m), inclusive of accrued interest, invested mainly in government and corporate bonds and a very small amount in equities. The Company´s investment portfolios are managed by external investment managers with monthly reporting to TLICL setting out the composition and performance of the portfolio.

Investments are valued at fair value, being the market prices for identical assets in active markets, and the valuations are the same for GAAP and Solvency II purposes, although GAAP valuations exclude accrued interest. No significant judgements or estimates are used, and there has been no change in the basis of recognition and valuation.

D.1.2 Deposits, Cash and Cash Equivalents

At the year end, TLICL held £5.6m (2020 : £12.1m) either in terms of deposits, or in cash and cash equivalents, inclusive of accrued interest, with banking counterparties. All amounts are held in GBP and are either in the UK, Malta or Gibraltar.

Deposits, cash and cash equivalents are valued at fair value, based on actual balances held, and TLICL has on-line access to bank balances and also receives monthly statements.

The valuation of these assets is the same for GAAP and Solvency II and no estimates or judgements have been used. For GAAP purposes accrued interest is reported separately. There has been no change in the basis on which these items are valued and recognised.

D.1.3 Insurance and Intermediaries Receivables

Insurance and intermediary receivable items on a GAAP basis represent premiums owed to TLICL from its brokers less commission and including IPT. At the year end, TLICL was owed £8.5m (2020: £5.1m). Contracts with the brokers set out payment terms.

Premiums receivable are valued at fair value, being the amounts recoverable, and as no other amounts are overdue, there have been no significant estimates or judgements made in arriving at the valuation. There has been no change in the valuation and recognition basis during the year.

While the assets are valued on a consistent basis both for GAAP and Solvency II, for Solvency II valuation purposes premium debtors are set against technical provisions to the extent that they are not overdue.

D.1.4 Receivables (trade, not insurance)

These items are valued at fair value, being amounts recoverable and no significant estimates or judgements are required. There are no differences in valuation for GAAP and Solvency II purposes and there has been no change in the valuation and recognition during the year. TLICL had trade receivables as at 31 March 2021 of £0.03m (2020: £0.07m).

D.1.5 Deferred Acquisition Costs

Deferred acquisition costs represent commission, policy administration and similar expenses directly related to the acquisition of policies, which are deferred over the period relating to the underlying unearned premiums. At 31 March 2021 TLICL had £1.5m (2020: £1.6m) of deferred acquisition costs.

The Solvency II balance sheet is prepared on the basis of best estimates of future cash flows. Deferred acquisition costs do not result in future cash flows and these amounts are therefore excluded from the Solvency II balance sheet. There has been no change in the recognition and valuation basis during the year.

D.1.6 Other Assets

Other assets of £0.44m (2020: £0.35m) on a GAAP basis represent prepayments and as they do not result in a cash flows they do not have a Solvency II value.

D.2 Technical Provisions

Technical Provisions represent the insurance liabilities as at the reporting date. TLICL's gross and net Technical Provisions by business line are set out in the table below:

2021	Motor Liability	Other Motor	Assistance	Miscellaneous Financial Loss	Total
	£'000	£'000	£'000	£'000	£'000
Gross Best Estimate Technical Provisions	39,774	2,235	1,481	(245)	43,245
Risk Margin	1,075	60	40	(7)	1,169
Total Gross Technical Provisions	40,849	2,295	1,521	(251)	44,414
Reinsurance Recoverables	(27,170)	(1,878)	-	-	(29,047)
Net Technical Provisions	13,679	418	1,521	(251)	15,367

2020	Motor Liability	Other Motor	Assistance	Miscellaneous Financial Loss	Total
	£'000	£'000	£'000	£'000	£'000
Gross Best Estimate Technical Provisions	39,345	2,658	2,531	614	45,147
Risk Margin	810	55	52	13	929
Total Gross Technical Provisions	40,154	2,713	2,583	627	46,076
Reinsurance Recoverables	(23,466)	(832)	-	-	(24,298)
Net Technical Provisions	16,688	1,880	2,583	627	21,778

D.2.1 Bases, Methods and Assumptions

D.2.1.1 Best Estimate

The starting point for the valuation of technical provisions is the best estimate of claims costs, both on earned and on unearned exposure, for all business written at the valuation date. This assessment is carried out internally by Artex and validated for reasonableness by the independent external actuary.

Management then apply payment patterns to the actuarial best estimate, based on historical information and reasonable assumptions and judgements, to convert the best estimate to future cash flow.

D.2.1.2 Expenses

The cost of running of the existing insurance obligations is estimated, on the basis that TLICL will continue to write other business. This is based on the current levels of expenditure.

D.2.1.3 Events Not in Data

There may be possible future events which are not reflected in the historical data of TLICL or the market. Such events are referred to as Events Not in Data ("ENIDs").

TLICL considers a number of scenarios and events which could occur and assesses their potential impact. Where this assessment concludes that the negative impact of ENIDs (i.e. increasing reserves) is greater than the potential positive impact (i.e. decreasing reserves), the Company makes provisions for such events.

At 31 March 2021, management made a provision for ENIDs of £0.3m (2020: £0.3m) based on the recommendation of the independent Actuarial Function Holder services provider.

D.2.1.4 Bound but not Incepted

TLICL may be contractually obligated to write certain business at the year end, although the risks will not incept until the following year. For example, renewal business for April 2021 will be invited prior to 31 March 2021. This may, however, be wholly or partially offset through future cancellations of existing business.

D.2.1.5 Discounting

Cash flows are discounted using the risk free interest rate structure as provided on a monthly basis by EIOPA.

D.2.1.6 Risk Margin

The risk margin is calculated using simplification method 3. This assumes that future SCRs are proportional to the best estimate technical provisions over time and projects future SCRs at this rate. A cost of capital rate of 6% is applied to each SCR estimate and discounted back using EIOPA yield curves.

D.2.1.7 Allocation to Lines of Business

Best estimates and cash flows are calculated separately for each line of business. However, the majority of TLICL's business comprises motor, which is required to be split for Solvency II purposes into motor liability and other motor. It is not normal practice in the UK market to rate motor business on this basis, and TLICL therefore needs to apply a different methodology to calculate this split.

TLICL uses claims heads of damage to split its motor business into the Solvency II classes. Bodily injury and third party property damage are allocated to motor liability, with accidental damage, windscreen, fire and theft being allocated to other motor.

D.2.1.8 Reinsurance Recoverables

TLICL has reinsurance recoverables arising from its Excess of Loss and Quota Share arrangements. Such items are calculated on a consistent basis with gross technical reserves, reflecting best estimates of both expired and unexpired risks, converted to cash flows and discounted at the appropriate risk free rate.

Amounts due from and payments due to reinsurers are included in the technical provision to the extent they are not overdue. The calculation also makes allowance for the possibility of insurer default, based on the counterparty's rating and the level of exposure.

D.2.1.9 Simplifications

No material simplifications have been used in the calculation of technical provisions.

D.2.2 Uncertainty

Technical provisions require judgement and estimations and therefore contain an element of uncertainty. Key areas of uncertainty in the firm's technical provisions are:

- Outstanding reserves: Reserves on reported claims are based on reasonable estimates, reflecting information known at the balance sheet date. Ultimate settlement of these claims may differ from estimates.
- Future losses: Future losses arise on both expired and unexpired risks and the estimation of these losses is based on actuarial assumptions. Such assumptions will take account of past performance and known or anticipated future changes, and may ultimately prove to differ from actual experience.
- Other estimates: Technical provisions include assumptions as to expenses, events not in data and bound but not incepted risks. While these assumptions are prepared on a best estimate basis, reflecting historical experience where appropriate, they could ultimately prove to be inappropriate.
- Legislative and market factors: The UK motor market has been subject to material changes in the past, encompassing legislative, economic and behavioural changes. Similar changes in the future are difficult to predict, but could ultimately impact best estimates and future cash flow.

TLICL seeks to minimise the level of uncertainty through a robust process involving external actuarial advice. Claims performance is closely monitored to ensure that changes in trends are identified and appropriately reflected in future projections.

D.2.3 Differences between Solvency II and GAAP Valuation

The starting point for both Solvency II and GAAP valuation of technical provisions is the actuarial best estimate reserves. Key difference between the valuation bases are:

- GAAP valuation of gross reserves may include a margin above best estimate. Solvency II valuation is required to be at best estimate and any margin is removed
- GAAP valuation includes unearned premium, being the premium which reflects the unexpired risk exposure. Under Solvency II, the unearned premium is replaced by future claims expected to arise on this unearned exposure
- GAAP reserves do not include run-off expenses
- GAAP reserves may not include events not in data
- GAAP reserves do not make allowance for bound but not incepted business
- GAAP reserves are calculated without a risk margin
- Insurance and intermediaries receivables are set against total gross technical provisions for Solvency II valuation purposes, to the extent that they are not overdue, while they are shown as a separate item on the balance sheet for GAAP reporting
- Reinsurance receivables and payables are set against technical provision reinsurance recoverables for Solvency II valuation purposes, to the extent that they are not overdue, while they are shown as a separate items on the balance sheet for GAAP reporting

The table below shows the movement from GAAP technical provisions to Solvency II technical provisions.

2021	Gross Technical Reserves	Reinsurance Recoverables	Total
	£'000	£'000	£'000
GAAP Reserves	62,442	44,480	17,962
Remove Unearned Premium	(22,565)	(13,381)	(9,185)
Claims on Unexpired Risks	13,311	7,711	5,600
Receivables/Payables	(8,228)	(2,617)	(5,610)
Run-off Expenses	6,390	-	6,390
Events not in data	272	-	272
Effect of Discounting	(704)	(448)	(256)
Other Adjustments including Counterparty default	(7,673)	(6,697)	(976)
Risk Margin	1,169		1,169
Solvency II Technical Provisions	44,414	29,047	15,367

2020	Gross Technical Reserves	Reinsurance Recoverables	Total
	£'000	£'000	£'000
GAAP Reserves	61,182	49,424	11,758
Remove Unearned Premium	(21,848)	(19,192)	(2,656)
Claims on Unexpired Risks	13,221	7,785	5,437
Receivables/Payables	(5,101)	(7,747)	2,645
Run-off Expenses	4,543	-	4,543
Events not in data	297	-	297
Effect of Discounting	(73)	(63)	(9)
Other Adjustments including Counterparty default	(7,076)	(5,908)	(1,168)
Risk Margin	929		929
Solvency II Technical Provisions	46,074	24,298	21,776

D.2.4 Transitional adjustments

TLICL has not used any transitional adjustments with regard to the matching adjustment, volatility adjustment, transitional risk free interest rate term structure or transitional deduction.

D.2.5 Changes over the Period

There have been no changes in the assumptions made since the previous period.

D.3 Other Liabilities

The following bases, methods and assumptions have been used in valuing each material class of liabilities for Solvency II purposes.

The material classes of liabilities as at 31 March 2021, except for gross technical provisions and reinsurance payables (which form part of SII TPs), are as set out in the table below:

Description	2021		2020	
	Solvency II Value	GAAP Value	Solvency II Value	GAAP Value
	£'000	£'000	£'000	£'000
Insurance & intermediaries payables	-	-	-	-
Reinsurance payables	-	2,617	-	9,166
Payables (trade, not insurance)	6,317	6,317	5,796	5,796
Deferred reinsurance commission	-	-	-	-

D.3.1 Reinsurance Payables

At 31 March 2021 TLICL had £2.6m (2020: £9.2m) of reinsurance payables on a GAAP basis, being payments due under the Quota Share arrangement. The amount due under the Quota Share arrangement represents the reinsurer's share of premiums net of claims and XoL costs. Settlements are made in arrears on a quarterly basis.

These amounts are valued at fair value, being the actual amounts payable.

There have been no changes in the valuation and recognition basis during the year, and there are no differences in the underlying valuation for GAAP and Solvency II. However, for Solvency II purposes these items, to the extent they are not considered overdue, are set against technical provisions reinsurance recoverables, whereas under GAAP they are shown separately on the balance sheet.

D.3.3 Payables (trade, not insurance)

Other payable comprise certain costs, including taxes, due at 31 March 2021 as set out below (£000s):

	2021	2020
Insurance Premium Tax payable	1,499	1,608
Income Tax liability	3,134	2,728
Accruals and other creditors	1,684	1,460

These items are valued at fair value, being the amounts payable, and are valued consistently under Solvency II and GAAP. There have been no estimates or judgements and no changes in the recognition and valuation basis.

E. Capital Management

E.1 Own Funds

E.1.1 Management of Own Funds

E.1.1.1 Objectives, Policies and Processes in Managing Own Funds

TLICL has in place a Capital Management Policy to ensure that TLICL has the appropriate levels and quality of capital to meet both the SCR and the internal view of capital as determined by the ORSA. The intention is for capital requirements to be met in both the immediate and medium-term future.

While TLICL's ORSA process is carried out formally on an annual basis, the capital requirements and own funds to meet these requirements are considered at least quarterly as part of the quarterly regulatory reporting process. The Board discusses TLICL's capital position at all meetings as part of its risk management processes and monitors ongoing performance through quarterly management accounts.

There have been no changes in capital management policies or processes during the period.

E.1.1.2 Time Horizon for Business Planning and Material Changes

TLICL's business planning period for capital management encompasses a three year time horizon, with emphasis on the current and next year. Given the unpredictability and historic volatility of the UK motor market, a longer time horizon would not be realistic. There have been no changes in the planning time horizon over the year.

E.1.2 Description of Own Funds

E.1.2.1 Structure, Amount and Quality of own funds

TLICL currently only has basic own funds and no ancillary own funds. Own funds are comprised entirely of Share Capital, Share Premium and the Reconciliation Reserve and therefore all qualify as Tier 1 funds. The table below set out TLICL's own funds as at 31 March 2021:

2021	**Share Capital**	**Reconciliation Reserve**	**Deferred Tax Asset**	**Total Own Funds**
	£'000	**£'000**	**£'000**	**£'000**
At 1 July 2020	3,500	10,201	840	14,541
Capital Injections during the Period	-	-	-	-
Movement in the Reconciliation Reserve	-	7,164	- 840	6,324
At 31 March 2021	3,500	17,365	-	20,865

2020	Share Capital	Reconciliation Reserve	Deferred Tax Asset	Total Own Funds
	£'000	£'000	£'000	£'000
At 1 April 2019	3,500	15,423	-	18,923
Capital Injections during the Period	-	-	-	-
Movement in the Reconciliation Reserve	-	- 5,222	840	(4,383)
At 30 June 2020	3,500	10,201	840	14,541

TLICL's Reconciliation Reserve effectively represents retained earnings on a Solvency II valuation basis.

E.1.2.2 Terms and Conditions of Own Funds

TLICL's own funds are solely comprised of Tier 1 funds and have no terms or conditions attached and there are no restrictions affecting the availability and transferability of TLICL's Own funds. The own funds are not redeemable and do not carry any guaranteed dividend or other return.

E.1.2.3 Difference in Own Funds between Financial Statements and Solvency II Valuation

The difference in the valuation of own funds as shown in the Financial Statements compared to the Solvency II valuation is due to the valuation differences in the underlying assets and liabilities, as set out in the table below:

	2021	2020
	Own Funds £'000	Own Funds £'000
Own Funds per Financial Statements	25,420	21,335
Difference in Valuation of net Technical Provisions	(3,015)	(7,374)
Removal of Deferred Acquisitions Costs	(1,458)	(1,578)
Removal of Other Deferred Costs	-	2,180
Removal of Prepayments	(83)	(23)
Removal of Deferred Commissions	-	-
Deferred Tax Asset	-	-
Own Funds per Solvency II Valuation	20,865	14,541

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 SCR and MCR

TLICL´s SCR and MCR coverage is set out below:

	2021	2020
Own Funds	20,865	14,541
Solvency Capital Requirement	10,697	9,597
SCR Coverage	195.1%	151.5%
Minimum Capital Requirement	3,338	3,653
MCR Coverage	625.1%	398.1%

Only Tier 1 Own Funds may be used towards meeting the SCR and MCR. Tier 3 Own Funds have been excluded from the coverage ratios.

In accordance with the Solvency II standard formula a firm's SCR Non-Life underwriting risk is predominantly a function of firm's volume measure for premium and reserve risk. Such volume measures are determined by taking the higher of the premium and reserve risk volume for the previous 12 months or following 12 months as at the calculation date. Such volume measures are the amounts net of reinsurance.

As at 31 March 2021, TLICL complied with both its SCR and its MCR.

E2.2 SCR by Risk Module

The following table sets out TLICL´s SCR broken down by risk module:

	2021	2020
SCR Risk Category	**£**	**£**
Market Risk	2,213	1,524
Counterparty Risk	1,389	1,943
Non-Life Underwriting Risk	7,629	6,468
Diversification	(1,979)	(1,755)
Basic Solvency Capital Requirement	**9,252**	**8,180**
Operational Risk	1,444	1,417
Solvency Capital Requirement	**10,697**	**9,597**

E.2.3 Simplifications

No simplified calculations have been used in applying the standard model and no undertaking specific parameters have been used.

E.2.4 Inputs used to Calculate the MCR

The following inputs have been used to calculate TLICL´s MCR:

2021	**Net (of reinsurance) best estimate technical provisions**	**Net (of reinsurance) written premiums in the last 12 months**
	£'000	**£'000**
Motor Vehicle Liability	12,605	2,808
Motor Vehicle Other	357	1,587
Assistance	1,481	9,059
Miscellaneous Financial Loss	-	5,950
Linear MCR		3,252
SCR		10,697
Combined MCR		3,252
Absolute Floor of the MCR		3,338
Minimum Capital Requirement		3,338

2020	**Net (of reinsurance) best estimate technical provisions**	**Net (of reinsurance) written premiums in the last 12 months**
	£'000	**£'000**
	£'000	**£'000**
Motor Vehicle Liability	15,879	1,903
Motor Vehicle Other	1,826	1,009
Assistance	2,531	7,806
Miscellaneous Financial Loss	614	5,435
Linear MCR		3,653
SCR		9,597
Combined MCR		3,653
Absolute Floor of the MCR		3,187
Minimum Capital Requirement		3,653

E.2.5 Changes over the Period

There have been no material changes to the Company´s SCR or MCR during this period.

E.3 Non-Compliance with Minimum Capital Requirement or Solvency Capital Requirement

There have been no instances of non-compliance of the SCR or MCR during the reporting period.

APPENDICES FROM THIS POINT INCLUDING:

- S02.01.02
- S05.01.02
- S17.01.02
- S19.01.02
- S23.01.01
- S25.01.02
- S28.01.01

Annex I
S.02.01.02
Balance sheet

Assets		**Solvency II value** **C0010**
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	36,697
Property (other than for own use)	**R0080**	
Holdings in related undertakings, including participations	**R0090**	
Equities	**R0100**	289
Equities - listed	**R0110**	289
Equities - unlisted	**R0120**	
Bonds	**R0130**	36,408
Government Bonds	**R0140**	3,045
Corporate Bonds	**R0150**	33,364
Structured notes	**R0160**	
Collateralised securities	**R0170**	
Collective Investments Undertakings	**R0180**	
Derivatives	**R0190**	
Deposits other than cash equivalents	**R0200**	
Other investments	**R0210**	
Assets held for index-linked and unit-linked contracts	**R0220**	
Loans and mortgages	**R0230**	
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	
Other loans and mortgages	**R0260**	
Reinsurance recoverables from:	**R0270**	29,047
Non-life and health similar to non-life	**R0280**	29,047
Non-life excluding health	**R0290**	29,047
Health similar to non-life	**R0300**	
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	
Health similar to life	**R0320**	
Life excluding health and index-linked and unit-linked	**R0330**	
Life index-linked and unit-linked	**R0340**	
Deposits to cedants	**R0350**	
Insurance and intermediaries receivables	**R0360**	230
Reinsurance receivables	**R0370**	
Receivables (trade, not insurance)	**R0380**	27
Own shares (held directly)	**R0390**	
Amounts due in respect of own fund items or initial fund called up but not yet	**R0400**	
Cash and cash equivalents	**R0410**	5,594
Any other assets, not elsewhere shown	**R0420**	
Total assets	**R0500**	71,596

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	44,414
Technical provisions – non-life (excluding health)	**R0520**	44,414
TP calculated as a whole	**R0530**	
Best Estimate	**R0540**	43,245
Risk margin	**R0550**	1,169
Technical provisions - health (similar to non-life)	**R0560**	
TP calculated as a whole	**R0570**	
Best Estimate	**R0580**	
Risk margin	**R0590**	
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	
Technical provisions - health (similar to life)	**R0610**	
TP calculated as a whole	**R0620**	
Best Estimate	**R0630**	
Risk margin	**R0640**	
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	
TP calculated as a whole	**R0660**	
Best Estimate	**R0670**	
Risk margin	**R0680**	
Technical provisions – index-linked and unit-linked	**R0690**	
TP calculated as a whole	**R0700**	
Best Estimate	**R0710**	
Risk margin	**R0720**	
Contingent liabilities	**R0740**	
Provisions other than technical provisions	**R0750**	
Pension benefit obligations	**R0760**	
Deposits from reinsurers	**R0770**	
Deferred tax liabilities	**R0780**	
Derivatives	**R0790**	
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	
Insurance & intermediaries payables	**R0820**	
Reinsurance payables	**R0830**	
Payables (trade, not insurance)	**R0840**	6,317
Subordinated liabilities	**R0850**	
Subordinated liabilities not in BOF	**R0860**	
Subordinated liabilities in BOF	**R0870**	
Any other liabilities, not elsewhere shown	**R0880**	
Total liabilities	**R0900**	50,731
Excess of assets over liabilities	**R1000**	20,865

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

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**												Line of business for:				
		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																		
Gross - Direct Business	**R0110**				19,292	6,790						6,776	4,388					37,246
Gross - Proportional reinsurance accepted	**R0120**																	
Gross - Non-proportional reinsurance accepted	**R0130**																	
Reinsurers' share	**R0140**				13,197	4,399												17,596
Net	**R0200**				6,096	2,391						6,776	4,388					19,650
Premiums earned																		
Gross - Direct Business	**R0210**				18,862	6,594						6,776	4,296					36,528
Gross - Proportional reinsurance accepted	**R0220**																	
Gross - Non-proportional reinsurance accepted	**R0230**																	
Reinsurers' share	**R0240**				17,555	5,852												23,407
Net	**R0300**				1,307	743						6,776	4,296					13,121
Claims incurred																		
Gross - Direct Business	**R0310**				9,846	3,376						2,896	562					16,679
Gross - Proportional reinsurance accepted	**R0320**																	
Gross - Non-proportional reinsurance accepted	**R0330**																	
Reinsurers' share	**R0340**				7,256	2,419												9,674
Net	**R0400**				2,590	957						2,896	562					7,005
Changes in other technical provisions																		
Gross - Direct Business	**R0410**																	
Gross - Proportional reinsurance accepted	**R0420**																	
Gross - Non- proportional reinsurance accepted	**R0430**																	
Reinsurers'share	**R0440**																	
Net	**R0500**																	
Expenses incurred	**R0550**				-2,326	-766						1,903	1,426					237
Other expenses	**R1200**																	
Total expenses	**R1300**																	237

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

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

Annex I
S.05.02.01
Premiums, claims and expenses by country

		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		GB					
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	**R0110**		37,246					37,246
Gross - Proportional reinsurance accepted	**R0120**							
Gross - Non-proportional reinsurance accepted	**R0130**							
Reinsurers' share	**R0140**		17,596					17,596
Net	**R0200**		19,650					19,650
Premiums earned								
Gross - Direct Business	**R0210**		36,528					36,528
Gross - Proportional reinsurance accepted	**R0220**							
Gross - Non-proportional reinsurance accepted	**R0230**							
Reinsurers' share	**R0240**		23,407					23,407
Net	**R0300**		13,121					13,121
Claims incurred								
Gross - Direct Business	**R0310**		16,679					16,679
Gross - Proportional reinsurance accepted	**R0320**							
Gross - Non-proportional reinsurance accepted	**R0330**							
Reinsurers' share	**R0340**		9,674					9,674
Net	**R0400**		7,005					7,005
Changes in other technical provisions								
Gross - Direct Business	**R0410**							
Gross - Proportional reinsurance accepted	**R0420**							
Gross - Non- proportional reinsurance accepted	**R0430**							
Reinsurers'share	**R0440**							
Net	**R0500**							
Expenses incurred	**R0550**		237					237
Other expenses	**R1200**							
Total expenses	**R1300**							237

Annex I
S.05.02.01
Premiums, claims and expenses by country

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

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0170**	**C0180**
Technical provisions calculated as a whole	**R0010**																	
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0050**																	
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
Gross	**R0060**				6,540	1,092						863	-569					7,925
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**				3,966	1,058												5,024
Net Best Estimate of Premium Provisions	**R0150**				2,574	34						863	-569					2,901
Claims provisions																		
Gross	**R0160**				33,234	1,143						618	325					35,320
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**				23,203	820												24,023
Net Best Estimate of Claims Provisions	**R0250**				10,031	323						618	325					11,297
Total Best estimate - gross	**R0260**				39,774	2,235						1,481	-245					43,245
Total Best estimate - net	**R0270**				12,605	357						1,481	-245					14,198
Risk margin	**R0280**				1,075	60						40	-7					1,169
Amount of the transitional on Technical Provisions																		
Technical Provisions calculated as a whole	**R0290**																	
Best estimate	**R0300**																	
Risk margin	**R0310**																	
Technical provisions - total																		
Technical provisions - total	**R0320**				40,849	2,295						1,521	-251					44,414
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**				27,170	1,878												29,047
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**				13,679	418						1,521	-251					15,367

Annex I
S.19.01.21
Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	Z0020	Underwriting year [UWY]

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

		Development year												In Current year	Sum of years (cumulative)
Year		0	1	2	3	4	5	6	7	8	9	10 & +			
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	**R0100**											0	**R0100**	0	0
2012	**R0160**							777	139	11	-3		**R0160**	-3	924
2013	**R0170**						93	-2	7	0			**R0170**	0	98
2014	**R0180**					1,550	358	120	2				**R0180**	2	2,031
2015	**R0190**				1,823	867	281	1					**R0190**	1	2,972
2016	**R0200**			2,119	819	1,812	410						**R0200**	410	5,159
2017	**R0210**		6,475	2,463	1,272	295							**R0210**	295	10,504
2018	**R0220**	3,912	5,502	2,545	409								**R0220**	409	12,369
2019	**R0230**	5,709	6,000	1,872									**R0230**	1,872	13,581
2020	**R0240**	6,589	6,346										**R0240**	6,346	12,935
2021	**R0250**	6,804											**R0250**	6,804	6,804
												Total	**R0260**	16,137	67,377

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

		Development year												Year end (discounted data)
Year		0	1	2	3	4	5	6	7	8	9	10 & +		
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360
Prior	**R0100**												**R0100**	
2012	**R0160**							338	193	265	23		**R0160**	23
2013	**R0170**						169	127	178	7			**R0170**	6
2014	**R0180**					3,923	1,860	2,425	178				**R0180**	175
2015	**R0190**				2,833	937	515	1					**R0190**	1
2016	**R0200**			5,219	4,037	666	9,591						**R0200**	9,430
2017	**R0210**		12,845	14,793	18,380	752							**R0210**	740
2018	**R0220**	4,207	4,676	4,979	3,260								**R0220**	3,206
2019	**R0230**	3,103	6,480	5,727									**R0230**	5,635
2020	**R0240**	6,635	9,460										**R0240**	9,306
2021	**R0250**	6,906											**R0250**	6,798

Annex I
S.23.01.01
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	R0010	3,500	3,500			
Share premium account related to ordinary share capital	R0030					
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	-413	-413			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160					
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	17,778	17,778			
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						
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					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	20,865	20,865			
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	20,865	20,865			
Total available own funds to meet the MCR	R0510	20,865	20,865			
Total eligible own funds to meet the SCR	R0540	20,865	20,865			
Total eligible own funds to meet the MCR	R0550	20,865	20,865			
SCR	R0580	10,697				
MCR	R0600	3,338				
Ratio of Eligible own funds to SCR	R0620	195.05%				
Ratio of Eligible own funds to MCR	R0640	625.12%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	20,865
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	21,278
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	-413
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	
Total Expected profits included in future premiums (EPIFP)	R0790	

Annex I
S.25.01.21
Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	2,213		
Counterparty default risk	R0020	1,389		
Life underwriting risk	R0030			
Health underwriting risk	R0040			
Non-life underwriting risk	R0050	7,629		
Diversification	R0060	-1,979		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	9,252		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	1,444
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	10,697
Capital add-on already set	R0210	
Solvency capital requirement	R0220	10,697
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

		Yes/No
Approach to tax rate		C0109
Approach based on average tax rate	R0590	3 - Not applicable as LAC DT is not used (in this case R0600 to R0690 are not applicable)

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

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

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	**R0010**	3,237

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	**C0030**
Medical expense insurance and proportional reinsurance	**R0020**		
Income protection insurance and proportional reinsurance	**R0030**		
Workers' compensation insurance and proportional reinsurance	**R0040**		
Motor vehicle liability insurance and proportional reinsurance	**R0050**	12,605	6,096
Other motor insurance and proportional reinsurance	**R0060**	357	2,391
Marine, aviation and transport insurance and proportional reinsurance	**R0070**		
Fire and other damage to property insurance and proportional reinsurance	**R0080**		
General liability insurance and proportional reinsurance	**R0090**		
Credit and suretyship insurance and proportional reinsurance	**R0100**		
Legal expenses insurance and proportional reinsurance	**R0110**		
Assistance and proportional reinsurance	**R0120**	1,481	6,776
Miscellaneous financial loss insurance and proportional reinsurance	**R0130**		4,388
Non-proportional health reinsurance	**R0140**		
Non-proportional casualty reinsurance	**R0150**		
Non-proportional marine, aviation and transport reinsurance	**R0160**		
Non-proportional property reinsurance	**R0170**		

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_L Result	**R0200**	

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

Overall MCR calculation

		C0070
Linear MCR	**R0300**	3,237
SCR	**R0310**	10,697
MCR cap	**R0320**	4,814
MCR floor	**R0330**	2,674
Combined MCR	**R0340**	3,237
Absolute floor of the MCR	**R0350**	3,338
		C0070
Minimum Capital Requirement	**R0400**	3,338