

Trinity Lane Insurance Company Limited

Solvency & Financial Condition Report

as at 31 March 2025

Glossary of Terms used in this report.....	5
1. Executive Summary	6
A Business Performance.....	9
A.1 Business Information.....	9
A.1.1 Company details.....	9
A.1.2 Supervisory Authority.....	9
A.1.3 Auditor.....	9
A.1.4 Ultimate Shareholders.....	10
A.1.5 Structure	10
A1.6 Material Lines of Business and Geographical Areas.....	10
B Systems of Governance.....	11
B.1 General Information on Systems of Governance.....	11
B1.1 Structure of the Board and Committees	11
B.1.2 Key Functions.....	14
B.1.3 Changes during the period	15
B.1.4 Remuneration Policy	16
B.2 Fit and Proper Requirements.....	16
B.2.1 Requirements for Skills, Knowledge and Expertise.....	16
B.2.2 Policies and Processes with regard to Fit Requirements.....	16
B.2.3 Policies and Processes with regard to Proper Requirements	16
B.3 Risk Management System Including ORSA.....	17
B.3.1 Risk Management System	17
B.3.2 Own Risk and Solvency Assessment.....	19
B.4 Internal Control System.....	21
B.4.1 Internal Control System.....	21
B.4.2 Compliance Function.....	21
B.5 Internal Audit Function	22
B.5.1 Implementation of the Internal Audit Function.....	22
B.5.2 Independence and Objectivity of the Internal Audit Function	23
B.6 Actuarial Function	23
B.6.1 Implementation of Actuarial Function	23
B.7 Outsourcing	24
B.7.1 Outsourcing Policy	24

B.7.2	Outsourced Functions and Activities.....	25
B.8	Any other Information.....	25
B.8.1	Adequacy of Systems of Governance	25
B.8.2	Any other Material Information.....	26
C.	Risk Profile.....	27
C.1	Underwriting Risk.....	27
C.1.1	Material Risks.....	27
C.1.2	Material Risk Concentrations.....	28
C.1.3	Risk Mitigations.....	29
C.1.4	Stress and Sensitivity Testing.....	30
C.2	Market Risk.....	30
C.2.1	Material Risks.....	30
C.2.2	Material Risk Concentrations.....	31
C.2.3	Risk Mitigations.....	31
C.2.4	Prudent Person Principle.....	31
C.2.5	Stress and Sensitivity Testing.....	32
C.3	Credit Risk.....	33
C.3.1	Material Risks.....	33
C.3.2	Material Risk Concentrations.....	33
C.3.3	Risk Mitigations.....	33
C.3.4	Stress and Sensitivity Testing.....	33
C.4	Liquidity Risk.....	34
C.4.1	Material Risks.....	34
C.4.2	Material Risk Concentrations.....	34
C.4.3	Risk Mitigations.....	34
C.4.4	Stress and Sensitivity Testing.....	34
C.4.5	Expected Profit in Future Premiums	34
C.5	Operational Risk.....	35
C.5.1	Material Risks.....	35
C.5.2	Material Risk Concentrations.....	35
C.5.3	Risk Mitigations.....	35
C.5.4	Stress and Sensitivity Testing.....	36
C.6	Other Material Risks.....	36
D.	Valuation for Solvency Purposes	37

D.1	Assets	37
D.1.1	Bonds.....	37
D.1.2	Deposits, Cash and Cash Equivalents	37
D.1.3	Insurance and Intermediaries Receivables.....	38
D.1.4	Receivables (trade, not insurance).....	38
D.1.5	Deferred Acquisition Costs	38
D.1.6	Other Assets.....	38
D.2	Technical Provisions	38
D.2.1	Bases, Methods and Assumptions	39
D.2.2	Uncertainty	40
D.2.3	Differences between Solvency II and GAAP Valuation.....	41
D.2.4	Transitional adjustments	42
D.2.5	Changes over the Period	42
D.3	Other Liabilities	43
D.3.1	Reinsurance Payables	43
D.3.3	Payables (trade, not insurance)	43
E.	Capital Management	44
E.1	Own Funds	44
E.1.1	Management of Own Funds	44
E.1.2	Description of Own Funds	44
E.2	Solvency Capital Requirement and Minimum Capital Requirement	46
E.2.1	SCR and MCR.....	46
E2.2	SCR by Risk Module.....	46
E.2.3	Simplifications.....	46
E.2.4	Inputs used to Calculate the MCR.....	47
E.2.5	Changes over the Period	47
E.3	Non-Compliance with Minimum Capital Requirement or Solvency Capital Requirement ..	47

Glossary of Terms used in this report

ALM	Asset & Liability Management
Artex	Artex Risk Solutions (Gibraltar) Limited
Board	Board of Directors
Company/TLIC	Trinity Lane Insurance Company Limited
EIOPA	European Insurance and Occupational Pensions Authority
GBP/£	Great Britain Pound
GDPR	General Data Protection Regulation
GFSC	Gibraltar Financial Services Commission
MCR	Minimum Capital Requirement
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

1. Executive Summary

Introduction

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

TLIC was initially incorporated in Malta in December 2006 as Trinity Lane Company Limited but became TLIC in April 2007 when it was authorised by the MFSA (Malta Financial Services Authority). Following Brexit, TLIC re-domiciled to Gibraltar on 1 July 2020 and is now regulated by the Gibraltar Financial Services Commission ("GFSC") as well as UK regulatory bodies such as the Financial Conduct Authority ("FCA") in respect of its UK activities.

The purpose of this report is to satisfy the public disclosure requirements contained in the Financial Services (Insurance Companies) Regulations 2020 under the Financial Services Act 2019 (collectively, "the Insurance Legislation in Gibraltar"). The elements of the disclosure relate to business performance, governance, risk profile, solvency and capital management.

Business and Performance

During the year ended 31 March 2025, TLIC wrote £81.4 million of GWP (Gross Written Premium) before reinsurance (2024 : £83.0 million) and made an unaudited profit (on ordinary activities before tax) of £14.4 million (2024 : £11.1 million). The Company's net assets as at 31 March 2025 amounted to £31.2 million (2024 : £28.2 million) on a GAAP basis. The Company continued to focus on profitable growth in revenue and customer numbers in the UK albeit in a more difficult market as competitive pressures increase. The priority focus of our underwriting philosophy is still very much on profitability, even where market conditions indicate minimal or nil growth, as can be seen this year.

TLIC 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. It was the same for the previous underwriting year. For the last Underwriting year the Quota Share ceding percentage was 70% so TLIC retains 30% of each and every motor risk.

Inflation, driven by global economic conditions, including the various international wars we are witnessing, is keeping claims costs high, and the continuing supply chain issues are also having an inflationary effect on motor claims. Despite this the business still managed to generate a healthy underwriting profit and was in a position to declare an approved £8 million dividend.

Systems of Governance

TLIC operates a predominantly outsourced business model and the Company's expenses largely reflect charges from its outsourced service providers. Day-to-day operational management is outsourced to TLIC's insurance manager in Gibraltar, Artex Risk Solutions (Gibraltar) Ltd, along

with the employment of Chris Johnson, who is Gibraltar resident, and is the Managing Director for the business. Tasks outsourced to Artex encompass in particular financial accounting, assistance with risk management, Solvency II reporting, company secretarial, compliance services and the provision of statistical, regulatory and management information. In addition, other key outsourced services comprise policy administration and claims handling. These services are predominantly outsourced to other entities under the ownership of David Flux, the majority shareholder of TLIC. Internal audit, actuarial consultancy and reinsurance brokers make up the remainder of the outsourced service providers.

Oversight of outsourced functions is conducted via an Outsourcing Monitoring Programme (OMP), which involves annual review by directors of TLIC, as well as input from Internal Audit on specific topics.

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 TLIC's Board of Directors (Board), which comprises five Executive Directors, two Non-Executive Directors and two Independent Non-Executive Directors. TLIC's Board delegates responsibility for specific disciplines to an Underwriting & Claims Committee (UCC), Risk, Audit and Compliance Committee (RACC) and a Finance and Investment Committee (FIC), who operate under Terms of Reference agreed by the Board.

TLIC complies with all requirements with regards to key functions and fitness and propriety as well as GFSC Regulated Individual and Substance requirements, with full details provided in Section B. The FIC, UCC and RACC hold discussions and/or meet regularly (at least quarterly), strengthening the Company's governance, with reports back to each quarterly Board meeting. There is significant overlap of membership between Board and Committees, so all stakeholders are substantially involved in the business.

Risk Profile

TLIC has a strong risk management system, with close involvement of the RACC, 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, reputational and conduct risk.

Key risks identified by management and the RACC comprise:

- Catastrophe Risk (Large Claims)
- Technical Provisions
- Reinsurance strategy
- Reinsurance security
- GDPR
- Cyber risk
- Investment Portfolio Performance Management

- Systems – Policies, Claims and Sales MI
- Market Risk - Economic Factors including inflation
- Controls
- Accounting

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

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

This SFCR report covers TLIC on a solo basis. In view of its private ownership by individual shareholders, TLIC is not considered part of a Group, in terms of the definition of such in the Financial Services Act 2019.

A.1.2 Supervisory Authority

TLIC is regulated by:

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

A.1.3 Auditor

TLIC's external auditors are:

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

A.1.4 Ultimate Shareholders

Direct holders of qualifying holdings in TLIC are:

Name	Legal Form	Country	Direct / Indirect	Proportion of ownership interest
Mr David J. Flux	N/A	United Kingdom	Direct	91%
Mr Duncan R. Heath	N/A	Monaco	Direct	9%

A.1.5 Structure

TLIC Insurance Company Limited

(Gibraltar registered: 119979)

Mr David J. Flux

A shares

91.00%

Mr Duncan R. Heath

A shares

9.00%

A1.6 Material Lines of Business and Geographical Areas

TLIC's main business is UK motor insurance. The following table shows the business by class for the year ended 31 March 2025. Predominantly all business has been conducted in the UK.

	As at 31 March 2025		As at 31 March 2024	
	Amount £'000	% of Total %	Amount £'000	% of Total %
Premium				
Gross written premiums				
Motor	62,549	77%	64,666	78%
Assistance	11,856	15%	12,188	15%
Fire & Other Property Damage	2,638	3%	2,243	3%
General Liability	447	1%	341	0%
Miscellaneous Financial Loss	3,891	5%	3,547	4%
Total	81,380	100%	82,985	100%

B Systems of Governance

B.1 General Information on Systems of Governance

B1.1 Structure of the Board and Committees

TLIC operates through the Board and Board sub-committees for Finance and Investment, Risk, Audit and Compliance and Underwriting and Claims, with current memberships as set out below:

The Directors of TLIC are:

- | | |
|--------------------------|---|
| • Saviour Briffa | Non-Executive Director (NED) |
| • Andrew C. Dodds | Executive Director (ED) |
| • David J. Flux | ED |
| • Oliver J. Flux | ED |
| • Richard G. Foster | Independent Non-Executive Director (INED) and Senior Independent Director |
| • Duncan R. Heath | ED |
| • Richard D. Heath | NED |
| • Christopher W. Johnson | ED (and Managing Director) |
| • John E. Verrall | INED (and Chair) |

The FIC members are:

- | | | |
|---------------------|-----------------|------|
| • Saviour Briffa | Chair | NED |
| • Andrew C. Dodds | Director | ED |
| • David J. Flux | Director | ED |
| • Oliver J. Flux | Director | ED |
| • Richard G. Foster | Director | INED |
| • Duncan R. Heath | Director | ED |
| • Nicholas Hodgert | Head of Finance | |

The RACC members are:

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

The UCC members are:

- | | | |
|--------------------------|-------------------------|-----|
| • David J. Flux | Chair | ED |
| • Andy Cracknell | Underwriting Consultant | |
| • Andrew C. Dodds | Director | ED |
| • Duncan R. Heath | Director | ED |
| • Richard D. Heath | Director | NED |
| • Christopher W. Johnson | MD | ED |
| • Eddie Phillips | Head of Claims | |

In attendance at all Committee meetings are Chris Johnson as Managing Director and an Artex staff member. The RACC specifically is attended by Nelson Gonçalves (Head of Compliance) and Oliver Flux (ED).

TLIC's Company Secretary is Raphael Jacob Abergel.

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

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

- Setting the strategic direction and objectives of TLIC
- Ensuring the integrity and reliability of TLIC's finances, including
 - Business planning including approval of 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 as recommended by the FIC
- Approving the underwriting strategy and policy and monitoring its implementation as recommended by the UCC
- Approving the Reserving strategy and policy and monitoring its implementation
- Reinsurance responsibilities
- Claims and Reserving Responsibilities as supported by the UCC
- Risk, Audit and Compliance Responsibilities
 - Approval of an effective risk management framework, including risk management strategies and policies and risk appetite and tolerance limits, following recommendations from the RACC
 - Establishing an appropriate internal control system and monitoring its effectiveness
 - Overseeing the completion of QRTs, RSRs and SFCRs
- Approving the internal and external audit strategy
- Overseeing, guiding and challenging the ORSA and approving the ORSA report

TLIC 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

TLIC has in place a Risk, Audit and Compliance 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
- Ensure the risk management function is adequately resourced and has personnel who are fit and proper
- Review Risk Register on the appropriate basis
- 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
- Monitor and report on market trends and legislative or regulatory changes
- Managing and monitoring the internal and external audit strategy and the performance, value and effectiveness of the external and internal auditors
- Ensure internal and external audit programmes are communicated effectively within the Company and with other interested parties and regulatory authorities
- Review conduct and complaints data, and ensure there is no unnecessary conduct risk that may result in customer detriment
- Monitor and oversee compliance with all applicable regulatory compliance requirements
- Review all Compliance policies and procedures and make recommendations to the Board
- Ensure the Compliance function is adequately resourced and has personnel who are fit and proper
- Oversee the Compliance Monitoring Programme
- Oversee the Outsourcing Monitoring Programme
- Oversee Consumer Duty and Operational Resilience compliance
- Review Board and Committee Terms of Reference and recommend any amendments to the Board for approval

TLIC has in place an Underwriting and Claims Committee of which the key responsibilities include:

- Establish the underwriting policy of the organisation
- Establish the reserving policy of the organisation
- Consider, challenge and approve business opportunities and underwriting proposals

- Review the performance of the business written via variance reporting, loss ratios, claims frequency, key performance indicator trends and monitoring broker performance
- Oversee implementation of claims handling, reserving and settlement strategies
- Oversee and control outsourced claims handling
- Anticipate and forecast cash flow implications arising from claims
- Review and approve rate proposals and underwriting changes recommendations
- Consider, challenge and approve changes to products, policy wordings and other documentation
- Oversee and manage broker relationships
- Awareness of fraud and designing anti-fraud measures
- Monitor and receive reports from the Underwriting Consultant and Head of Claims market trends and legislative changes and potential impacts
- Report to the Board on all relevant underwriting and pricing related matters

B.1.2 Key Functions

TLIC has in place four key functions as required by the Insurance Legislation in Gibraltar. 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 TLIC'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 Management Function

The Board of TLIC retains full responsibility for the risk function albeit delegates the ongoing monitoring of risks to the Risk, Audit and Compliance Committee. The function is currently overseen by Andrew C Dodds.

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

B.1.2.2 Compliance Function

TLIC outsources compliance services to its insurance manager and the role of Compliance Function Holder/Head of Compliance, is currently held by Nelson Gonçalves. Chris Johnson is involved in some elements of the compliance and regulatory reporting processes, and he and the compliance team liaise with other companies owned by David J. Flux in respect of their role in the compliance process.

The Board has approved a compliance monitoring programme, which is approved on an annual basis, and is intended to ensure that TLIC complies at all times with all relevant rules, regulations, legislation and guidance to which TLIC 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 RACC and ultimately 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 RACC on a quarterly basis with any significant matters then escalated to the Board.

B.1.2.3 Actuarial Function

The Actuarial Function has specific duties and responsibilities under the Insurance Legislation in Gibraltar. TLIC has outsourced the actuarial function services to Dale Lee and to Mazars LLP, under oversight of Duncan R. Heath as the appointed Actuarial Function Holder/Head of Actuarial Function. 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 the Insurance Legislation in Gibraltar
- 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

TLIC's Internal Audit function is overseen by Richard G. Foster, supported by the Risk, Audit and Compliance Committee, which he chairs. Internal Audit is responsible for evaluating the approach to risk management and governance, with particular emphasis on the internal control system.

TLIC outsources the Internal Audit function to PKF Littlejohn, 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

Following the confirmation in April 2024 from GFSC under the Regulated Individuals Regime (RIR) of Morgan Peters as TLIC's Head of Compliance, the Board delegated the responsibility for compliance oversight to the Risk and Audit Committee to form the Risk, Audit and Compliance Committee (RACC), and the revised Terms of Reference for that Committee were approved by the Board in its meeting on 13 June 2024.

With Morgan Peters leaving Artex, Nelson Gonçalves was appointed by the Board as replacement Head of Compliance in its meeting on 20 September 2024, subject to GFSC approval under RIR, which was received in December 2024, and Nelson therefore took up his appointment.

The Board and Committees are now recognised as being appropriately represented in terms of skill, knowledge and experience to manage the business.

B.1.4 Remuneration Policy

TLIC has one employee, its Managing Director. The other Directors also receive remuneration from TLIC on a fixed fee basis. There are 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 remuneration committee. The Company has a remuneration policy as part of its Corporate Governance Framework, and the Board reviews compliance with the policy.

B.2 Fit and Proper Requirements

B.2.1 Requirements for Skills, Knowledge and Expertise

TLIC requires that members of the Board and Committees and those individuals carrying out other significant and Regulated Individual 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 TLIC are required to demonstrate that they meet TLIC's proper requirements with regard to their reputation and character. In order to assess whether this requirement is met, the following factors are considered:

- the individual's character;
- the individual's personal behaviour;

- the individual's business conduct;
- any criminal aspects;
- any financial aspects;
- any regulatory aspects.

TLIC's compliance function ensures that appropriate Regulated Individual forms 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 RACC at least annually.

B.3 Risk Management System Including ORSA

B.3.1 Risk Management System

B.3.1.1 Overview

TLIC categorises its risks as follows:

- Underwriting/Insurance
- Reserving
- Reinsurance
- Investment
- Market
- Governance
- Regulatory and Compliance (including Conduct Risk)
- Systems and Operational

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

Risk management is the ultimate responsibility of the Board with assistance from the Executive Directors and the Underwriting and Claims and Risk, Audit and Compliance Committees. Furthermore, due to the small size of TLIC, it depends on assistance from individuals within its outsourced service providers, in particular, Artex as the 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

TLIC'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 TLIC to achieve TLIC's overall strategic objectives.

TLIC 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

TLIC's RACC 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 RACC on a quarterly basis. The RACC then provides an update to the Board at each quarterly Board meeting.

In addition, at each Board meeting consideration is given to whether TLIC's risk profile or risk exposure has changed due to decisions taken.

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

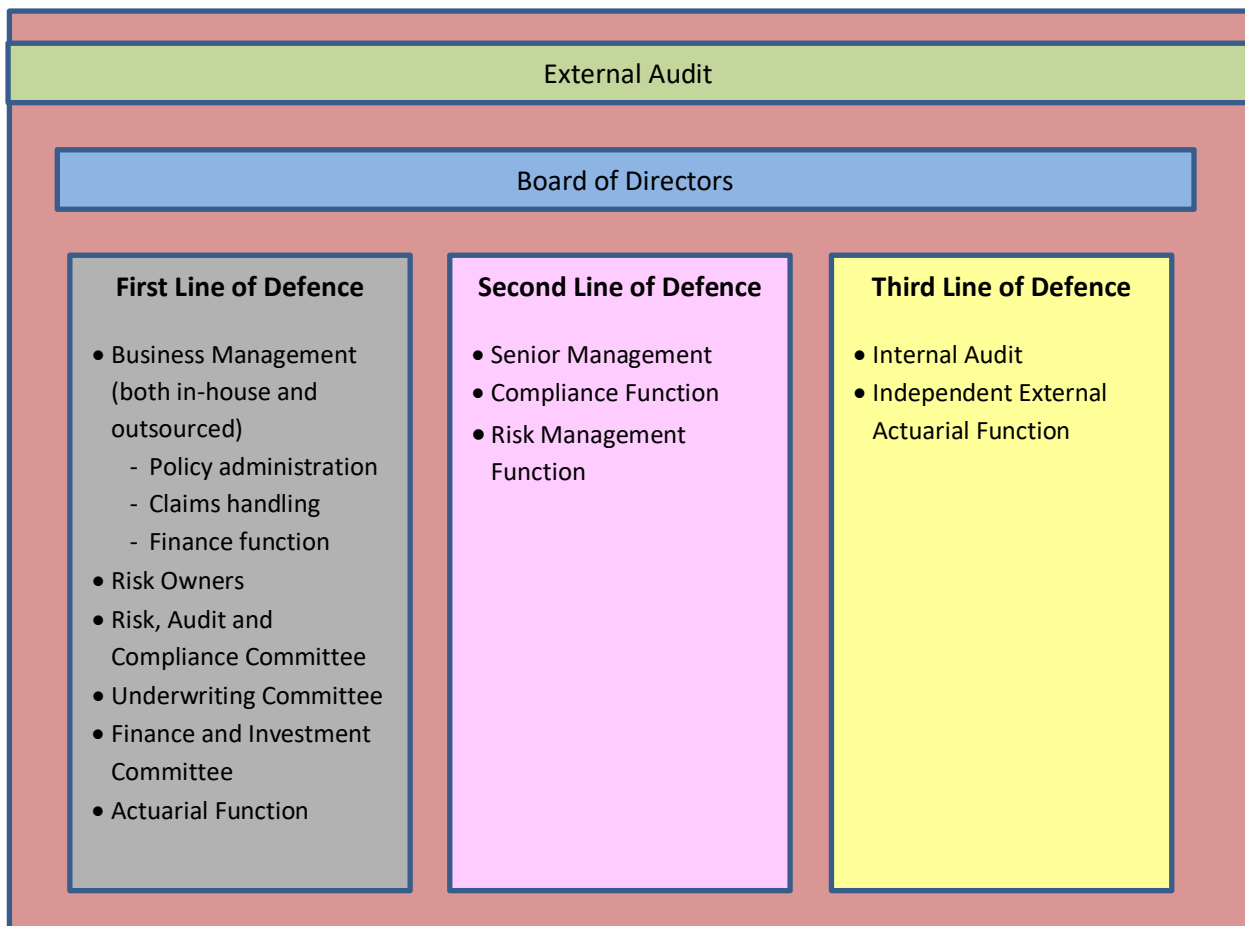
Risk management involves the Board, the RACC and key outsource providers. All forums (e.g. Underwriting and Risk, Audit and Compliance Committees) and individuals involved in risk management have a duty to inform the Compliance, Internal Audit or Actuarial functions of any facts that may be relevant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

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

B.3.1.4 Implementation of Risk Management Function

The Board of TLIC has retained ultimate responsibility for the risk management function albeit the ongoing monitoring of risks is delegated to the Risk, Audit and Compliance Committee. While TLIC relies on its outsourced service providers for elements of the day-to-day operation of risk management, oversight and control remains with the Board via the Risk, Audit and Compliance Committee. This ensures that risk management is fully integrated into TLIC's business and its decision-making processes.

TLIC operates a three-line of defence model as set out overleaf:



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

TLIC 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 TLIC are appropriately assessed and the level of capital or other risk mitigation measures required to manage these risks are determined and put in place. The ORSA should provide the Board and management with a thorough understanding of TLIC'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 contribute to and produce 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 TLIC's material risks.

TLIC conducts at least an annual ORSA after which a formal report is prepared. This will take place during the final quarter of TLIC'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 TLIC 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 TLIC's risk profile, risk appetite, free reserves or other relevant matters. In such a case, the impact on TLIC'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 TLIC's capital needs over the planning horizon, which is three years. The ORSA is carried out taking due account of TLIC'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 TLIC 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 TLIC 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, TLIC'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

TLIC 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 with support from the Risk, Audit and Compliance Committee. TLIC 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 TLIC is subject to review by TLIC'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 TLIC's business, responsible for ensuring TLIC complies with all relevant rules, regulations, guidance and legislation with regard to both Gibraltar and UK requirements. The compliance function also reports to the RACC on any relevant changes in the legal environment in which TLIC operates.

TLIC outsources its Compliance function to its insurance manager, with the Head of Compliance having overall responsibility. The compliance function has established a Compliance Monitoring Programme which is approved by the RACC on an annual basis. Compliance formally reports to the RACC 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 RACC and the Board ultimately 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 RACC 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 TLIC's objectives by constantly improving the effectiveness of TLIC'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 TLIC'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 TLIC'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 Internal Audit function holder 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.

TLIC outsources the Internal Audit function to an external firm, whose appointment and performance is periodically reviewed by the Risk, Audit and Compliance Committee, in order to make recommendations to the Board as to the 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 effectiveness of its governance, risk management and business planning systems and processes, including its own procedures, on an annual basis
- Internal Audit will liaise with and leverage the work of the external auditors

After each audit, appropriate reports are produced and any findings reviewed and remediated where required.

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. In certain specialist areas e.g. claims reserves, as mandated by the GFSC, TLIC uses independent specialist expertise. 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 TLIC (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 TLIC) have a duty to make all requested information available promptly and to assist with any enquiries.

The RACC will approve the 3-year audit and assurance plan and is free to request additional areas to be reviewed by internal audit and/or internal assurance activity. In addition, the RACC receives and reviews the reports produced by the function, agrees management responses and actions, and reports to the Board as appropriate. However, the RACC 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 TLIC's operations. This will ensure that the Board is fully informed of matters that may impact the business.

TLIC 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 the Insurance Legislation in Gibraltar
- 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
- Provide a "light touch" half yearly actuarial review
- 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. TLIC has in place an outsourcing policy which ensures that all outsourcing will:

- Support TLIC'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 TLIC's cost objectives/budget/business plan
- Enable TLIC to exercise control over outsourced service providers to ensure that any risks are properly identified, understood and appropriately mitigated
- Enable TLIC to demonstrate that its responsibilities in respect of outsourced activities are being effectively discharged

While TLIC outsources certain key activities, TLIC 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 Managing Director is responsible for ensuring outsourcing arrangements, particularly those considered material to the business, are engaged and monitored in accordance with the TLIC Outsourcing Monitoring Programme, guidance from the GFSC and other regulatory bodies as well as the requirements of the Insurance Legislation in Gibraltar. The Managing Director is supported in this regard by the Compliance function and the Risk Management function holder.

B.7.2 Outsourced Functions and Activities

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

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

B.8 Any other Information

B.8.1 Adequacy of Systems of Governance

TLIC is a small company with the Directors closely involved in all key aspects of the business. TLIC is not complex and is well-established with known and fully understood risks which have been consistent over time. 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 2025.

C. Risk Profile

TLIC's governance framework sets out the type and level of risk which TLIC 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.

TLIC'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 regards to investments, TLIC 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.

TLIC's risk profile at 31 March 2025 is set out in the table below:

Risk Category	2025	2024
	% of SCR	% of SCR
Insurance Risk	50.4%	50.0%
Market Risk	24.6%	25.5%
Counterparty (Credit) Risk	8.6%	10.1%
Life Risk	0.2%	0.9%
Operational Risk	16.2%	13.5%

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.

TLIC 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, TLIC 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
- Inflation risk – high and persistent claims inflation putting pressure on premium rates
- Lack of a proper impact assessment of the pricing, terms and conditions and marketing of a new product

Underwriting risk is identified and assessed using management information provided by intermediaries and third-party claims handlers, 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

A key underwriting risk for TLIC is geographical concentration – virtually all of its business is written in the UK 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 2024. 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, TLIC 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, motor business is sourced via companies part of one broking group (Adrian S Flux) however add-on

business, especially breakdown, is sold via a small number of carefully chosen intermediaries, enhancing diversity of market.

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. TLIC 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 generally stable claims profile over a number of years, making claims and reserves predictable
- Monitoring emerging risks.

TLIC 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, TLIC further mitigates underwriting risk through the following:

- Regular (at least 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 reviews of risk appetites and tolerances around underwriting performance and reporting of any risk events
- Stress testing of loss ratios as part of the ORSA process
- Introduction of a more comprehensive and scientific approach to reserving

It has to be borne in mind that the underwritten insurance policies are relatively short term (mainly annual products), so TLIC 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 TLIC maintains its required solvency levels.

C.1.4 Stress and Sensitivity Testing

TLIC 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 claims 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 TLIC are short-term in nature the Board feels that TLIC 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
- Liquidity Risk
- Counterparty Risk
- Country Risk
- Portfolio Performance Risk

TLIC 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 a very low exposure in equities 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 and Investments Committee/Board approval. With regards to liquidity, the Company always ensures that it has adequate cash balances to meet its daily commitments and claims payments before it decides whether it can increase its investments.

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 and Investments Committee receives and checks the monthly valuation reports sent by the portfolio managers. It also

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 caused by economic, political or geographical events
- Inappropriate investment guidelines which do not meet the Company's requirements

C.2.2 Material Risk Concentrations

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

C.2.3 Risk Mitigations

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

TLIC 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
- Review of risk appetite and tolerance limits around investment performance

C.2.4 Prudent Person Principle

As at 31 March 2025, TLIC has the following appointed investment managers: (i) Team Limited and (ii) J. Safra Sarasin (Gibraltar). 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.

TLIC does not directly undertake any unusual or non-routine investment activities. However, should any such investments be proposed, the Finance and 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 TLIC'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 TLIC's solvency coverage.

C.3 Credit Risk

C.3.1 Material Risks

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

- Banking counterparties
- Reinsurance counterparties
- Premiums due from intermediaries

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

C.3.2 Material Risk Concentrations

TLIC'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

TLIC 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, TLIC 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 TLIC to pay its liabilities as they fall due. TLIC 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 TLIC.

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 Investments 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 TLIC.

C.4.5 Expected Profit in Future Premiums

The expected profit in future premium (excluding run-off expenses) as at 31 March 2025 is nil (2024 : 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.

TLIC 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 TLIC's risk register, along with appropriate controls. There is a process for regular reporting of risk events. Additionally, there are operational risk appetites and tolerances set which are reviewed by the RACC on a quarterly basis.

The risk register is discussed on a regular basis by the TLIC Risk, Audit and Compliance Committee, 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

TLIC 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 in line with the Outsourcing Monitoring Programme
- 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
- Regular reviews of Consumer Duty compliance
- Operational Resilience review being undertaken

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, TLIC 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

Higher inflation and the several international conflicts are disrupting the supply chain for repair parts for motor vehicles, with such delays giving rise to additional repair and credit hire costs. The UCC and Board continually monitor this situation closely making underwriting adjustments as appropriate.

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 2025, except for reinsurance technical provisions, are set out in the table below:

Description	2025		2024	
	Solvency II Value	GAAP Value	Solvency II Value	GAAP Value
	£'000	£'000	£'000	£'000
Investments	52,565	42,387	41,453	40,963
Intangible Assets	-	358	-	400
Insurance and Intermediaries	245	9,326	236	9,544
Reinsurance Recoverable	67,992	96,753	44,918	70,890
Reinsurance Receivables	-	-	-	-
Cash and cash equivalents	9,543	19,043	17,883	17,770
Deferred Acquisition Costs	-	2,357	-	2,717
Trade Receivables	-	-	47	47
Deferred Tax Asset	-	-	-	-
Any Other Assets	-	686	867	648

D.1.1 Bonds

At the year end, TLIC had a total of £52.6m (2024 : £41.4m), inclusive of accrued interest, invested mainly in government and corporate bonds and a small amount in equities. The Company's investment portfolios are managed by external investment managers with monthly reporting to TLIC 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, TLIC held £9.5m (2024 : £17.9m) 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 or Gibraltar.

Deposits, cash and cash equivalents are valued at fair value, based on actual balances held, and TLIC 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 TLIC from its brokers less commission and including IPT. At the year end, TLIC was owed £9.3m (2024: £9.5m). 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. TLIC had £0.00m of trade receivables as at 31 March 2025 (2024: £0.05m).

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 2025 TLIC had £2.4m (2024: £2.7m) 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 £0.7m (2024: £0.6m) 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. TLIC's gross and net Technical Provisions by business line are set out in the table below:

2025	Motor Liability	Other Motor	Assistance	Miscellaneous Financial Loss	Non-life Annuity	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Gross Best Estimate Technical Provisions	81,833	6,321	2,876	1,244	4,201	96,476
Risk Margin	1,060	82	37	16	54	1,249
Total Gross Technical Provisions	82,893	6,403	2,913	1,261	4,256	97,725
Reinsurance Recoverables	(60,722)	(4,129)	-	-	(3,141)	(67,992)
Net Technical Provisions	22,171	2,275	2,913	1,261	1,115	29,734

2024	Motor Liability	Other Motor	Assistance	Miscellaneous Financial Loss	Non-life Annuity	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Gross Best Estimate Technical Provisions	58,219	5,595	2,995	960	4,804	72,573
Risk Margin	970	93	50	16	80	1,209
Total Gross Technical Provisions	59,188	5,688	3,045	976	4,884	73,782
Reinsurance Recoverables	(38,138)	(3,214)	-	-	(3,565)	(44,918)
Net Technical Provisions	21,050	2,474	3,045	976	1,319	28,864

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 TLIC 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 TLIC or the market. Such events are referred to as Events Not in Data ("ENIDs").

TLIC 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 2025, management made a provision for ENIDs of £0.4m (2024: £0.4m) based on the recommendation of the independent Actuarial Function Holder services provider.

D.2.1.4 Bound but not Incepted

TLIC 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 2025 will be invited prior to 31 March 2025. 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 4% 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 TLIC'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 TLIC therefore needs to apply a different methodology to calculate this split.

TLIC 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

TLIC 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.

TLIC 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.

2025	Gross Technical Reserves	Reinsurance Recoverables	Total
	£'000	£'000	£'000
GAAP Reserves	126,877	96,753	30,124
Remove Unearned Premium	(35,093)	(21,590)	(13,503)
Claims on Unexpired Risks	23,391	13,682	9,710
Receivables/Payables	(9,081)	(7,429)	(1,652)
Run-off Expenses	5,556	-	5,556
Events not in data	449	-	449
Effect of Discounting	(10,065)	(7,493)	(2,571)
Other Adjustments including Counterparty default	(5,559)	(5,931)	373
Risk Margin	1,249		1,249
Solvency II Technical Provisions	<u>97,725</u>	<u>67,992</u>	<u>29,734</u>

2024	Gross Technical Reserves	Reinsurance Recoverables	Total
	£'000	£'000	£'000
GAAP Reserves	101,705	70,890	30,816
Remove Unearned Premium	(38,868)	(22,588)	(16,279)
Claims on Unexpired Risks	25,400	15,132	10,267
Receivables/Payables	(9,308)	(9,153)	(155)
Run-off Expenses	4,333	-	4,333
Events not in data	431	-	431
Effect of Discounting	(7,732)	(5,403)	(2,329)
Other Adjustments including Counterparty default	(3,389)	(3,960)	571
Risk Margin	1,209		1,209
Solvency II Technical Provisions	<u>73,781</u>	<u>44,918</u>	<u>28,864</u>

D.2.4 Transitional adjustments

TLIC 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 2025, except for gross technical provisions and reinsurance payables (which form part of SII TPs), are as set out in the table below:

Description	2025		2024	
	Solvency II Value	GAAP Value	Solvency II Value	GAAP Value
	£'000	£'000	£'000	£'000
Insurance & intermediaries payables	-	-	-	-
Reinsurance payables	-	7,429	-	9,153
Payables (trade, not insurance)	5,374	5,374	5,128	5,128
Deferred reinsurance commission	-	-	-	-

D.3.1 Reinsurance Payables

At 31 March 2025 TLIC had £7.4m (2024: £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 2025 as set out below (£000s):

	2025	2024
Insurance Premium Tax payable	2,548	2,690
Income Tax liability	901	0
Accruals and other creditors	1,926	2,438

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

TLIC has in place a Capital Management Policy to ensure that TLIC 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 TLIC'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 TLIC'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

TLIC'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

TLIC 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 TLIC's own funds as at 31 March 2025:

2025	Share Capital	Reconciliation Reserve	Deferred Tax Asset	Total Own Funds
	£'000	£'000	£'000	£'000
At 1 April 2024	3,500	22,994	-	26,494
Capital Injections during the Period	-	-	-	-
Movement in the Reconciliation Reserve	-	750	-	750
At 31 March 2025	<u>3,500</u>	<u>23,745</u>	<u>-</u>	<u>27,245</u>

2024	Share Capital	Reconciliation Reserve	Deferred Tax Asset	Total Own Funds
	£'000	£'000	£'000	£'000
At 1 April 2023	3,500	21,197	-	24,697
Capital Injections during the Period	-	-	-	-
Movement in the Reconciliation Reserve	-	1,797	-	1,797
At 31 March 2024	<u>3,500</u>	<u>22,994</u>	<u>-</u>	<u>26,494</u>

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

E.1.2.2 Terms and Conditions of Own Funds

TLIC'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 TLIC'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:

	2025	2024
	Own Funds	Own Funds
	£'000	£'000
Own Funds per Financial Statements	31,229	26,991
Difference in Valuation of net Technical Provisions	(1,262)	2,664
Removal of Deferred Acquisitions Costs	(2,357)	(2,717)
Removal of Other Deferred Costs	-	-
Removal of Prepayments	(8)	(45)
Removal of Deferred Commissions	-	-
Removal of Intangible Assets	(358)	(400)
Own Funds per Solvency II Valuation	<u>27,245</u>	<u>26,495</u>

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 SCR and MCR

TLIC's SCR and MCR coverage is set out below:

	2025	2024
Own Funds	27,245	26,495
Solvency Capital Requirement	17,208	16,354
SCR Coverage	158.3%	162.0%
Minimum Capital Requirement	5,494	5,659
MCR Coverage	495.9%	468.2%

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 2025, TLIC complied with both its SCR and its MCR.

E2.2 SCR by Risk Module

The following table sets out TLIC's SCR broken down by risk module:

	2025	2024
SCR Risk Category	£	£
Market Risk	5,358	5,356
Counterparty Risk	1,883	2,114
Non-Life Underwriting Risk	10,976	10,498
Life Risk	38	179
Diversification	(3,833)	(4,003)
Basic Solvency Capital Requirement	14,421	14,143
Operational Risk	2,787	2,211
Solvency Capital Requirement	17,208	16,354

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 TLIC's MCR:

2025	Net (of reinsurance) best estimate technical provisions	Net (of reinsurance) written premiums in the last 12 months
	£'000	£'000
Motor Vehicle Liability	21,111	4,836
Motor Vehicle Other	2,193	7,369
Fire and other damage to property	-	2,638
General Liability	-	447
Assistance	2,876	11,856
Miscellaneous Financial Loss	1,244	3,891
Other Life Insurance	1,060	-
Linear MCR		5,494
SCR		17,208
Combined MCR		5,494
Absolute Floor of the MCR		3,500
Minimum Capital Requirement		5,494

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:

- IR.02.01.02
- IR.05.02.01
- IR.05.04.02
- IR.12.01.02
- IR.17.01.02
- IR.19.01.21
- IR.23.01.01
- IR.25.04.21
- IR.28.01.01

IR.02.01.02
Balance sheet
Quarterly solo and group, disclosure solo and group

		Solvency II value
		C0010
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
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	52,565
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	
Equities	R0100	3,586
Equities - listed	R0110	70
Equities - unlisted	R0120	3,516
Bonds	R0130	36,995
Government Bonds	R0140	3,348
Corporate Bonds	R0150	33,648
Structured notes	R0160	
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	2,325
Derivatives	R0190	
Deposits other than cash equivalents	R0200	9,659
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	67,992
Non-life and health similar to non-life	R0280	64,851
Life and health similar to life, excluding index-linked and unit-linked	R0315	3,141
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	
Insurance and intermediaries receivables	R0360	245
Reinsurance receivables	R0370	
Receivables (trade, not insurance)	R0380	
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	
Cash and cash equivalents	R0410	9,543
Any other assets, not elsewhere shown	R0420	
Total assets	R0500	130,345

IR.02.01.02
Balance sheet
Quarterly solo and group, disclosure solo and group

		Solvency II value
		C0010
Liabilities		
Technical provisions - total	R0505	97,725
Technical provisions - non-life	R0510	93,470
Technical provisions - life	R0515	4,256
Best estimate - total	R0542	96,476
Best estimate - non-life	R0544	92,275
Best estimate - life	R0546	4,201
Risk margin - total	R0552	1,249
Risk margin - non-life	R0554	1,195
Risk margin - life	R0556	54
Transitional (TMTP) - life	R0565	
Other technical provisions	R0730	
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	5,374
Subordinated liabilities	R0850	
Subordinated liabilities not in Basic Own Funds	R0860	
Subordinated liabilities in Basic Own Funds	R0870	
Any other liabilities, not elsewhere shown	R0880	
Total liabilities	R0900	103,100
Excess of assets over liabilities	R1000	27,245

IR.05.02.01

Premiums, claims and expenses by country

Annual solo, group and branch, disclosure solo and group

Home Country - non-life obligations

Top 5 countries (by amount of gross premiums written) - non-life obligations

Total Top 5 and
home country -
non-life
obligations

		Home country						Total Top 5 and home country
		C0080	C0090	C0090	C0090	C0090	C0090	C0140
Country	R0010		GB					
Premiums written								
Gross - Direct Business	R0110		81,380					81,380
Gross - Proportional reinsurance accepted	R0120							
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140		50,344					50,344
Net	R0200		31,036					31,036
Premiums earned								
Gross - Direct Business	R0210		85,154					85,154
Gross - Proportional reinsurance accepted	R0220							
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240		51,343					51,343
Net	R0300		33,812					33,812
Claims incurred								
Gross - Direct Business	R0310		67,574					67,574
Gross - Proportional reinsurance accepted	R0320							
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340		47,487					47,487
Net	R0400		20,086					20,086
Net expenses incurred	R0550		1,698					1,698

IR.05.04.02.01

Non-life income and expenditure : reporting period

		All business (including annuities stemming from accepted non-life insurance and reinsurance contracts)									Annuities stemming from non-life insurance contracts
		All non-life business (ie excluding annuities stemming from accepted insurance and reinsurance contracts)									
		Line of Business for: non-life insurance and accepted proportional reinsurance obligations									
		Motor vehicle liability insurance - personal lines - (line of business 4)	Motor vehicle other motor insurance - personal lines - (line of business 5)	Fire and other damage to property insurance - personal lines -	General liability insurance		Assistance (Lines of business 11 and 23)	Miscellaneous financial loss (Lines of business 12 and 24)			
					Public & products Liability	Other general liability					
		C0010	C0015	C0140	C0150	C0170	C0200	C0220	C0250	C0260	C0525
Income											
Premiums written											
Gross written premiums	R0110		81,380	45,111	17,438	2,638	447		11,856	3,891	
Gross written premiums - insurance (direct)	R0111		81,380	45,111	17,438	2,638	447		11,856	3,891	
Gross written premiums - accepted reinsurance	R0113										
Net written premiums	R0160		31,036	4,836	7,369	2,638	447		11,856	3,891	
Premiums earned and provision for unearned											
Gross earned premiums	R0210		85,154	47,544	18,775	2,471	427		12,276	3,661	
Net earned premiums	R0220		33,812	6,470	8,507	2,471	427		12,276	3,661	
Expenditure											
Claims incurred											
Gross (undiscounted) claims incurred	R0610		67,574	46,145	13,171	549	202		6,688	817	
Gross (undiscounted) direct business	R0611		67,574	46,145	13,171	549	202		6,688	817	
Gross (undiscounted) reinsurance accepted	R0612										
Net (undiscounted) claims incurred	R0690		20,086	8,155	3,674	549	202		6,688	817	
Net (discounted) claims incurred	R0730	20,086	20,086								
Analysis of expenses incurred											
Technical expenses incurred net of reinsurance ceded	R0910	1,698									
Acquisition costs, commissions, claims management costs	R0985	19,697	19,697	10,177	4,200	762	8		2,654	1,896	
Other expenditure											
Other expenses	R1140										
Total expenditure	R1310	23,787									

IR.12.01.02

Life technical provisions

Quarterly solo and branch, disclosure solo

		Insurance with profit participation	Index-linked and unit-linked insurance	Life annuities	Non-life annuities	Other life insurance	Health insurance	Total life and health
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
Best Estimate								
Gross Best Estimate (direct business)	R0025				4,201			4,201
Gross Best Estimate (reinsurance accepted)	R0026							
Gross Best Estimate	R0030				4,201			4,201
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080				3,141			3,141
Best estimate minus recoverables from reinsurance/SPV and Finite Re	R0090				1,060			1,060
Risk Margin	R0100				54			54
Amount of the transitional on Technical Provisions								
TMTP - risk margin	R0140							
TMTP - best estimate dynamic component	R0150							
TMTP - best estimate non-dynamic component	R0160							
TMTP - amortisation adjustment	R0170							
Transitional Measure on Technical Provisions	R0180							
Technical provisions - total	R0200				4,256			4,256

IR.17.01.02
Non-life technical provisions
Quarterly solo and branch, disclosure solo

		Direct business and accepted proportional reinsurance				Total Non-Life obligation
		Motor vehicle liability insurance	Other motor insurance	Assistance	Miscellaneous financial loss	
		C0050	C0060	C0120	C0130	
Best estimate						
<i>Premium provisions</i>						
Gross	R0060	9,185	2,890	2,481	457	15,013
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected loss	R0140	3,679	1,469			5,148
Net Best Estimate of Premium Provisions	R0150	5,506	1,421	2,481	457	9,865
<i>Claims provisions</i>						
Gross	R0160	72,649	3,432	395	787	77,262
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected loss	R0240	57,043	2,660			59,703
Net Best Estimate of Claims Provisions	R0250	15,606	772	395	787	17,559
Total Best estimate - gross	R0260	81,833	6,321	2,876	1,244	92,275
Total Best estimate - net	R0270	21,111	2,193	2,876	1,244	27,424
Risk margin	R0280	1,060	82	37	16	1,195
Technical provisions - total (best estimate plus risk margin)						
Technical provisions - total	R0320	82,893	6,403	2,913	1,261	93,470
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected loss	R0330	60,722	4,129			64,851
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	22,171	2,275	2,913	1,261	28,619

IR.19.01.21

Non-life insurance claims

Disclosure solo

Accident year /	20020	Underwriting year [UWY]
-----------------	-------	----------------------------

Gross Claims Paid (non-cumulative) - Development year. Total Non-Life Business

			1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											24
N-9	R0160		2,119	819	1,812	410	243	5,274	190	47		
N-8	R0170	6,475	2,463	1,272	295	337	203	53	214			
N-7	R0180	3,912	5,502	2,545	409	612	176	198	60			
N-6	R0190	5,709	6,000	1,872	1,226	946	649	164				
N-5	R0200	6,589	6,346	2,232	1,247	4,379	539					
N-4	R0210	6,804	12,302	1,791	1,628	3,637						
N-3	R0220	4,874	11,888	4,229	1,352							
N-2	R0230	9,326	15,036	3,513								
N-1	R0240	9,977	12,812									
N	R0250	16,266										

		In Current year	Sum of years (cumulative)
		C0170	C0180
Prior	R0100	24	24
N-9	R0160	47	10,914
N-8	R0170	214	11,311
N-7	R0180	60	13,414
N-6	R0190	164	16,567
N-5	R0200	539	21,332
N-4	R0210	3,637	26,161
N-3	R0220	1,352	22,343
N-2	R0230	3,513	27,875
N-1	R0240	12,812	22,788
N	R0250	16,266	16,266
Total	R0260	38,627	188,996

Gross undiscounted Best Estimate Claims Provisions - Development year. Total Non-Life Business

			1	2	3	4	5	6	7	8	9	10 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											88
N-9	R0160			5,219	4,037	666	9,591	9,434		6,224	5,653	
N-8	R0170		12,845	14,793	18,380	752	4,329	12,075	4,890	415		
N-7	R0180	4,207	4,676	4,979	3,260	524	5,540	568	12			
N-6	R0190	3,103	6,480	5,727	2,826	671	2,060	2,170				
N-5	R0200	6,635	9,460	5,365	3,615	1,386	2,745					
N-4	R0210	6,906	6,928	6,847	5,486	1,921						
N-3	R0220	5,587	8,691	7,431	4,251							
N-2	R0230	7,124	10,070	12,043								
N-1	R0240	7,388	21,988									
N	R0250	31,753										

		Year end (discounted data)
		C0360
Prior	R0100	81
N-9	R0160	5,249
N-8	R0170	386
N-7	R0180	11
N-6	R0190	2,015
N-5	R0200	2,549
N-4	R0210	1,783
N-3	R0220	3,946
N-2	R0230	11,181
N-1	R0240	20,414
N	R0250	29,543
Total	R0260	77,159

Gross premium

		Gross earned premium at reporting reference date	Estimate of future gross earned premium
		C0570	C0580
Prior	R0100		
N-9	R0160		
N-8	R0170		
N-7	R0180		
N-6	R0190		
N-5	R0200		
N-4	R0210		
N-3	R0220	55,614	
N-2	R0230	65,946	
N-1	R0240	82,688	
N	R0250	46,775	

IR.23.01.01
Own funds
Annual and quarterly solo, disclosure solo
IR.23.01.01.01
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds						
Ordinary share capital (gross of own shares)	R0010	3,500	3,500			
Share premium account related to ordinary share capital	R0030					
Initial 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	21,967	21,967			
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	1,778	1,778			
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					
Total basic own funds	R0290	27,245	27,245			
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	R0340					
Letters of credit and guarantees other	R0350					
Supplementary members calls	R0360					
Supplementary members calls - other	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	27,245	27,245			
Total available own funds to meet the MCR	R0510	27,245	27,245			
Total eligible own funds to meet the SCR	R0540	27,245	27,245			
Total eligible own funds to meet the MCR	R0550	27,245	27,245			
SCR	R0580	17,208				
MCR	R0600	5,494				
Ratio of Eligible own funds to SCR	R0620	158.32%				
Ratio of Eligible own funds to MCR	R0640	495.95%				

IR.23.01.01.02
Reconciliation reserve

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	27,245
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Deductions for participations in financial and credit institutions	R0725	
Other basic own fund items	R0730	5,278
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	21,967

IR.25.04.21
Solvency Capital Requirement
Disclosure solo

Rows		C0010
Net of loss-absorbing capacity of technical provisions		
Market risk	R0140	5,358
Interest rate risk	R0070	2,502
Equity risk	R0080	2,433
Property risk	R0090	
Spread risk	R0100	2,296
Concentration risk	R0110	1,697
Currency risk	R0120	
Other market risk	R0125	
Diversification within market risk	R0130	-3,570
Counterparty default risk	R0180	1,883
Type 1 exposures	R0150	1,855
Type 2 exposures	R0160	37
Other counterparty risk	R0165	
Diversification within counterparty default risk	R0170	-9
Life underwriting risk	R0270	38
Mortality risk	R0190	
Longevity risk	R0200	14
Disability-Morbidity risk	R0210	
Life-expense risk	R0220	8
Revision risk	R0230	27
Lapse risk	R0240	
Life catastrophe risk	R0250	
Other life underwriting risk	R0255	
Diversification within life underwriting risk	R0260	-11
Total health underwriting risk	R0320	
Health SLT risk	R0280	
Health non SLT risk	R0290	
Health catastrophe risk	R0300	
Other health underwriting risk	R0305	
Diversification within health underwriting risk	R0310	
Non-life underwriting risk	R0370	10,976
Non-life premium and reserve risk (ex catastrophe risk)	R0330	10,414
Non-life catastrophe risk	R0340	1,470
Lapse risk	R0350	1,481
Other non-life underwriting risk	R0355	
Diversification within non-life underwriting risk	R0360	-2,390
Intangible asset risk	R0400	
Operational and other risks	R0430	2,787
Operational risk	R0422	2,787
Other risks	R0424	
Total before all diversification	R0432	27,021
Total before diversification between risk modules	R0434	21,042
Diversification between risk modules	R0436	-3,833
Total after diversification	R0438	17,208
Loss-absorbing capacity of technical provisions	R0440	
Loss-absorbing capacity of deferred taxes	R0450	
Other adjustments	R0455	
Solvency capital requirement including undisclosed capital add-on	R0460	17,208
Disclosed capital add-on - excluding residual model limitation	R0472	
Disclosed capital add-on - residual model limitation	R0474	
Solvency capital requirement including capital add-on	R0480	17,208
Biting interest rate scenario	R0490	Increase
Biting life lapse scenario	R0495	

IR.28.01.01
Minimum Capital Requirement - Only life or only non-life activity
Annual solo , disclosure solo
Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR _{NL} Result	R0010	5,471

Background information

		Background information	
		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	21,111	4,836
Other motor insurance and proportional reinsurance	R0060	2,193	7,369
Marine, aviation and transport insurance and proportional reinsurance	R0070		
Fire and other damage to property insurance and proportional reinsurance	R0080		2,638
General liability insurance and proportional reinsurance	R0090		447
Credit and suretyship insurance and proportional reinsurance	R0100		
Legal expenses insurance and proportional reinsurance	R0110		
Assistance and proportional reinsurance	R0120	2,876	11,856
Miscellaneous financial loss insurance and proportional reinsurance	R0130	1,244	3,891
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	22

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

		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	1,060	
Total capital at risk for all life (re)insurance obligations	R0250		

Overall MCR calculation

		C0070
Linear MCR	R0300	5,494
SCR	R0310	17,208
MCR cap	R0320	7,744
MCR floor	R0330	4,302
Combined MCR	R0340	5,494
Absolute floor of the MCR	R0350	3,500
Minimum Capital Requirement	R0400	5,494