First Central Group Limited and Skyfire Insurance Company Limited

Solvency and Financial Condition Report

For year ended 31st December 2020

First Central Group Limited is registered in Guernsey (number: 48743)
at Town Mills, Rue Du Pre, St Peter Port, Guernsey, GY1 6HS.
www.firstcentralgroup.com

Contents

Introduction

This combined Solvency and Financial Condition Report ('SFCR') has been prepared in compliance with Solvency II regulatory requirements. It contains a range of regulatory disclosures that support the information presented in the Quantitative Reporting Templates ('QRTs') shown in Sections J and K.

The purpose of this report is to satisfy the public disclosure requirements under the Financial Services Regulations (Insurance Companies) Act 2020, being the Solvency II regulations in Gibraltar. The report is not intended to provide a comprehensive review of the First Central Group's (the 'Group') businesses and the markets in which they operate, how these businesses are managed, or performance of these businesses during the year. This information is detailed in the 2020 Financial Statements.

This SFCR has been prepared in accordance with Article 359 and Articles 290 to 298 of the Commission Delegated Regulation (EU) 2015/35 ('the delegated regulation'). The structure of the report is in accordance with Annex XX of the delegated regulation.

First Central Group Limited ('FCG' or 'the Group') and Skyfire Insurance Company Limited ('SICL') have obtained supervisory waivers from the Gibraltar Financial Services Commission ('GFSC') to include combined solvency information relating to the Solvency II regulated First Central Group and SICL in this SFCR. The nature of the integrated governance structure, particularly risk management, means that there is significant overlap in the disclosures for the Group and the solo entity. The combined SFCR approach allows stakeholders enhanced visibility of disclosures for all relevant entities in one report.

Executive Summary

FCG is an insurance and technology group registered in Guernsey. Its subsidiary company, Skyfire Insurance Company Limited ('SICL'), is an insurance company registered in Gibraltar. The elements of the disclosure of this document relate to business performance, governance, risk profile, solvency and capital management.

FCG and SICL have continuously complied with their solvency capital requirement ('SCR') and minimum capital requirement ('MCR') throughout the year. As at the 31st December 2020, FCG held own solvency funds of £115.3m compared to the SCR of £56.3m, resulting in a SCR coverage of 205% (2019: Own Funds £78.6m, SCR £47.1m and SCR coverage of 167%). SICL held own solvency funds of £75.4m compared to the SCR of £26.3m, resulting in a SCR coverage of 287% (2019: Own Funds £39.0m, SCR £21.0m and SCR coverage of 186%). SCR coverage has increased significantly mainly due to strong trading performance from competitive pricing further to significant investment in our data and analytical capabilities across pricing, underwriting, claims and fraud. FCG and SICL have also benefited from the Covid-19 pandemic, with a reduction in vehicles on the roads resulting in lower claims frequency and severity during 2020 where freedom of movement restrictions were in effect in the UK.

FCG and SICL maintained focus on underwriting performance. FCG recorded a profit before taxation of £54.4m (2019: £13.4m) and ending 2020 with equity shareholders' funds of £106.5m (2019: £65.8m) after declaring a dividend of £6.0m (2019: £1.6m) during the year.

SICL recorded a profit before taxation of £33.5m (2019: £1.9m) and ends 2020 with equity shareholders' funds of £68.9m (2019: £44.7m) after declaring a dividend of £6.0m (2019: £4.7m) during the year.

The Group and SICL governance and risk frameworks have been further enhanced during the reporting period in keeping with the growth and evolution of the risk profile and are detailed further (section C) in this report. Assessment of FCG's and SICL's risk profiles identified that the principal risks to the Group are premium and reserve risk, an increase in excess of loss reinsurance premium, and reinsurance default risk. These risks are appropriately controlled, monitored and reported on within the business, being captured by the Risk Management Framework. Both FCG and SICL do not anticipate any future material changes in its business model that will impact the performance or underlying SCR requirements.

The Boards of FCG and SICL are satisfied that the business is adequately prepared for, and robust enough to weather, any plausible stress scenarios without detriment to stakeholders.

FCG and SICL continue to monitor developments around the COVID-19 pandemic closely. The respective Boards are confident that the Group and SICL business model and financials are robust, with due regard to colleagues, customers and partners with no significant adverse impact to date including its solvency.

Alberto Chumillas — **Date:** 20th May 2021
Managing Director
Skyfire Insurance Company Limited

Michael Lee — **Date:** 20th May 2021
Group Chief Executive Officer
First Central Group Limited

First Central
Insurance & Technology Group

A. Business & Performance

1. Business

i. General information

The FCG Group sells and underwrites motor insurance and related products in the UK market. FCG is an unlisted, private limited company, based in Guernsey. SICL is an insurance company licensed in Gibraltar, limited by shares.

Since Guernsey is not a Solvency II equivalent jurisdiction, both SICL and Group supervision is carried out by the Gibraltar Financial Services Commission. SICL is authorised to carry out the following insurance business in the United Kingdom:

Class	Type of insurance business
3	Land vehicles
7	Goods in transit
10	Motor vehicle liability
16	Miscellaneous financial loss
17	Legal expenses
18	Assistance

The contact details of the regulator are:

Gibraltar Financial Services Commission
PO Box 940
Suite 3, Atlantic Suites
Gibraltar
Tel: +350 200 40283
www.fsc.gi

The contact details of the external auditor are:

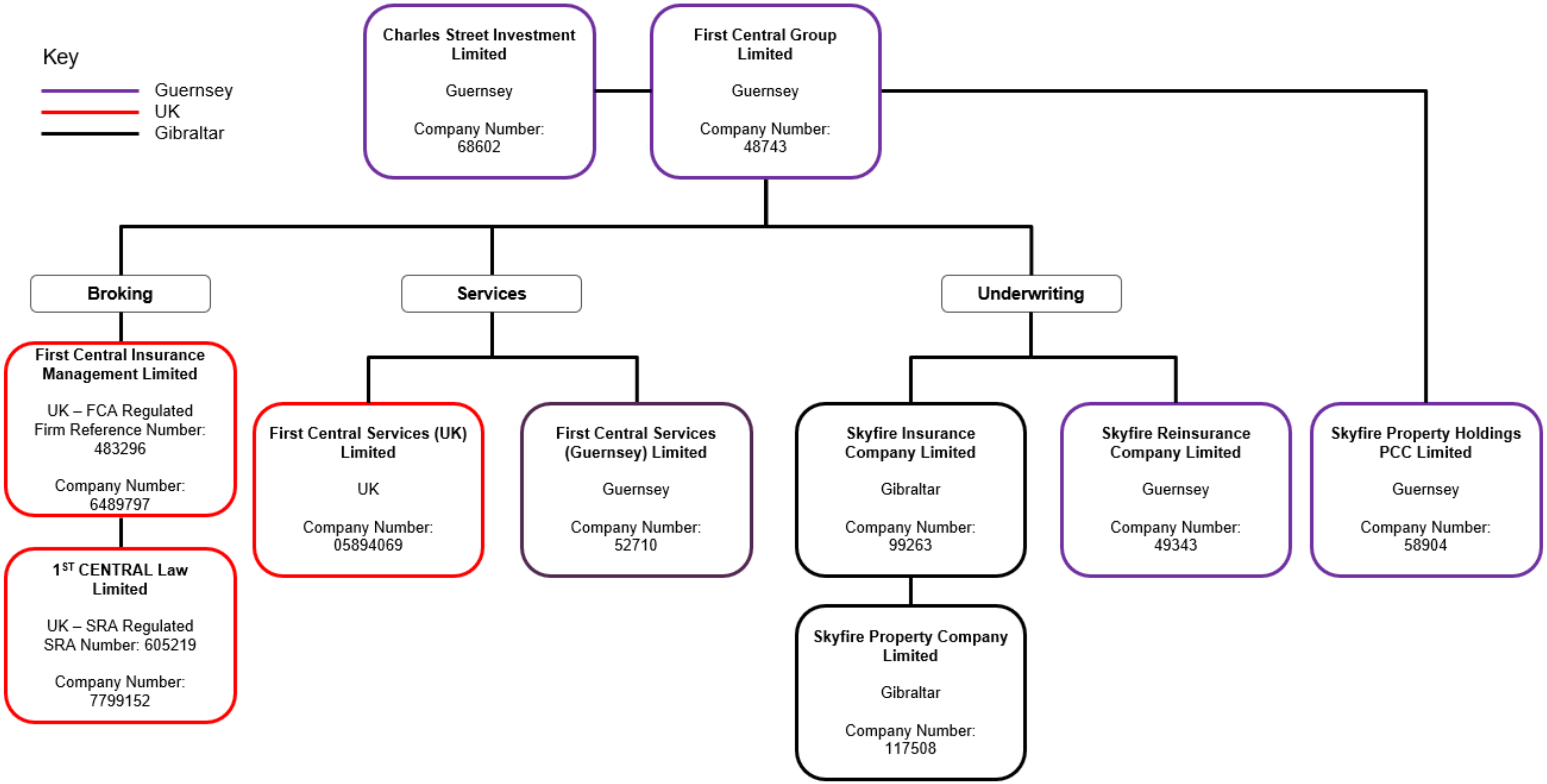
SICL's auditor:
Deloitte LLP
Merchant House
22/24 John Mackintosh Square
Gibraltar
https://www2.deloitte.com/gi/en.html

The Group's auditor:
Deloitte LLP
Regency Court
Glategny Esplanade
St Peter Port
Guernsey
Channel Islands
GY1 3HW

FCG shareholders with qualifying holdings (>10%) are:

Kenneth Acott
Patrick Tilley
Peter Creed

The chart below shows the Group's structure. FCG owns 100% of the entities within the Group including SICL except 1ST CENTRAL Law Ltd and Charles Street Investment Limited of which it owns 75.00% and 99.88% respectively.



Company	Jurisdiction	Function
First Central Group Limited ('FCG')	Guernsey	Provides Group senior management oversight, corporate governance, finance, information security and procurement functions. It owns and licenses the core Group IT systems, the 1ST CENTRAL brand and related intellectual property. FCG also seeks and manages any external capital required to support the business of its subsidiaries.
First Central Services (Guernsey) Limited ('FCSGL)	Guernsey	Manages, develops and distributes FCG's IT systems to administer the entire insurance distribution, underwriting and processing function. Provides a capital facility for premium finance for FCIM's customers.
Skyfire Insurance Company Limited ('SICL')	Gibraltar	General insurer of the Group's UK motor book.
Skyfire Reinsurance Company Limited ('SRCL')	Guernsey	Provides reinsurance capacity to SICL. SRCL is unrated.
First Central Insurance Management Limited ('FCIM')	UK	Intermediary, claims handler, premium finance provider and provider of debt recovery and UK Marketing services.
First Central Services (UK) Limited ('FCS UK')	UK	Provides group support services including HR, Management and Financial Reporting, Financial Planning, MI & Data, Business Change and IT services.
1ST CENTRAL Law Limited ('1CL')	UK	A joint venture between FCIM and Horwich Cohan Coghlan (75% owned by FCIM), providing 1ST CENTRAL policyholders with legal support following an accident
Skyfire Property Holdings PCC Limited '(SPH PCC')	Guernsey	A protected cell company incorporated to hold certain of the Group's property investments.
Skyfire Property Company Limited ('SPCL')	Gibraltar	A property investment holding company, which is a subsidiary of SICL.
Charles Street Investment Limited ('CSIL')	Guernsey	A property investment holding company.

2. Significant Events during the reporting period

i. Brexit:

The UK and EU signed a trade agreement prior to the end of the Brexit transition period. Whilst this removes some key economic uncertainties, the practical challenges for financial services in general and the Group specifically are unchanged. No changes to the structures and processes put in place by FCG and SICL are necessary following the trade deal, which allows continued unrestricted access between U.K. and Gibraltar, and Gibraltar and Spain. The Group prepared for different outcomes following the UK's exit and will ensure our policyholders are kept appropriately informed should any outcome impact their cover, or the documentation they are required to carry, when travelling to the European Union. The Boards are also closely monitoring the negotiations between the Gibraltar and the UK regarding permanent right of access for Gibraltar firms to the UK market and the regulatory environment that comes into effect as a result of this.

ii. Pandemic Risk:

Through the course of 2020, the Covid-19 Pandemic swept across the world and created material uncertainty across almost every economy, industry and sector. The Group responded proactively to the pandemic using its existing business continuity plans, and implementing new, robust processes where required to support its customers and colleagues.

The Boards monitored (and continue to monitor) commercial, legal and regulatory developments relating to Covid-19. The Group invoked its Business Continuity Plan to facilitate the ability of all colleagues to work remotely at pace, with 94% of colleagues in the Group and related support entities working from home within 7 days of the first lockdown. In addition to the mass transition of colleagues working remotely, the Directors and executive management have provided enhanced support to all colleagues, with particular emphasis on affording greater flexibility in carrying out their roles and remaining as safe as possible. Financial crime prevention and detection capabilities have also been enhanced in light of the new and emerging risks arising from increased homeworking.

The Boards, based on data available at the time of this publication, are of the view that the motor insurance sector has been reasonably well shielded from a significant downturn in comparison to sectors such as travel, leisure and hospitality. The reduction in vehicles on the roads has resulted in a lower claims frequency. Fewer motorway and long-distance journeys have also reduced claim severity during the periods in 2020 when freedom of movement restrictions were in effect.

Due to changes in public transportation usage that will continue through 2021, customers are likely to require motor insurance to allow for more flexible travel which will result in a broadly stable market size. The ongoing monitoring and reaction to developments related to the Covid-19 Pandemic remain a key focus that is closely monitored by both management and the Boards.

iii. Ogden Discount Rate Change and Civil Liability Act:

Following the conclusion of the Ogden Discount Rates ('DR') assessments in 2019, there remains a degree of certainty across future loss calculations on large losses in the jurisdictions of England and Wales (-0.25% DR) and Scotland (-0.75% DR). The risk of a near-term Ogden rate change is reduced going forward under the revised framework by which it will be set, but it remains a risk that will be monitored and tracked individually going forward.

The DR in Northern Ireland is to be amended from +2.5% to -1.75% with effect from 31st May 2021 and is based on a statutory consultation with the Government Actuary and Department of Finance undertaken in early 2020. In accordance with the Group's Reserving Guidelines, all appropriate cases within the Northern Ireland jurisdiction have been adjusted to reflect the change in rate. This rate change is likely to be an interim rate with the expectation that a more stable longer-term rate will come into effect in early 2022 under the framework proposed by 'The Damages (Return on Investment) Bill' passed in March 2021.

The revised Ogden DR had, in line with the rest of the market, increased the cost of the Excess of Loss reinsurance programme rates incurred by the Group from 1st January 2020. However, given the underwriting improvements made over the last few years resulting in improving large claim experience, there were no material increases to customer premium during 2020.

The uncertainty surrounding the implementation of Part 2 of the Civil Liability Act in relation to the whiplash reforms, which has been delayed twice since originally planned for 2020, has now dissipated with the reforms confirmed to be effective in relation to all accidents from 31st May 2021. Details around the Pre-Action protocol and Practice Directions have now been released but some uncertainty remains on how the new rules will work in practice for both represented and unrepresented claimants, and this may not become wholly clear for some time post 31st May 2021.

However, the favourable impact of these reforms on inflationary trends within the UK motor market is still expected to be reasonably significant, and how that manifests into market dynamics will be closely monitored throughout 2021. This monitoring will enable the Group to determine the impact of the Civil Liability Act on claim costs and allow these savings to be reflected in lower premiums for policyholders, in line with the UK Financial Conduct Authority's ('FCA') expectations.

iv. General Insurance Pricing Practices

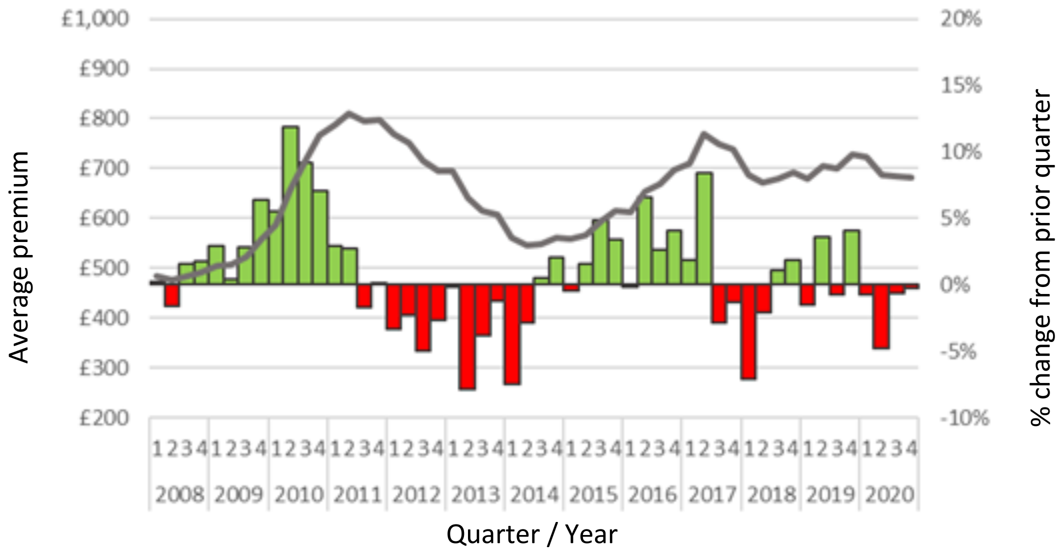
Following the UK Financial Conduct Authority ('FCA') review into General Insurance Pricing Practices the market is braced for change in 2021/2022 through the implementation of the remedies required by the FCA which are intended to create parity across new business and renewal prices. The reforms could be a significant disruptor, but the Group is optimistic that this presents an opportunity for underwriters with a smaller renewal book proportionate to its new business book, such as SICL. The Group has invested in pricing capability and already understand the needs of customers that regularly shop around at each renewal to ensure that they get a competitive price.

3. Underwriting Performance

SICL motor premium written in the UK via freedom of services from Gibraltar, for the year ended 31st December 2020, was £295m (2019: £198m).

Market prices increased during the second half of 2019 but then have softened significantly since that point meaning that the total market price reduction during 2020 was 6.5%, based upon data from Willis Towers Watson. These reductions can be attributed to the reduced claim frequency across the market due to the freedom of movement restrictions as a result of the COVID-19 pandemic. During that time, the Group did not implement pricing reductions to follow market activity – pricing reductions were implemented in line with the delivery of capability improvements across Underwriting, Pricing, Claims and Counter-Fraud. This has resulted in an improved competitive position during 2020 as well as a significant improvement in underwriting performance.

WTW Confused Premium Index Qrtr on Qrtr Change



All premiums written are single premium policies (i.e. one single premium to cover the life of the policy), payable either annually upfront or in instalments.

As noted in the financial statements, (i) FCG's 2020 has an operating profit of £56.2m (2019: £13.4m) and profit before tax of £54.4m (2019: £12.6m) and, (ii) SICL's 2020 profit has a technical result of £31.9m (2019: £0.4m) and a non-technical result of £1.5m (2019: £1.5m). Included within the technical result was SICL's share of the ancillary income earned by a Group company, FCIM.

There has been favourable development on prior underwriting years of account ('YoA') within SICL's portfolio, mostly relating to bodily injury claims. 2019 YoA has also benefitted from the lower frequency during 2020 due to the COVID-19 freedom of movement restrictions. This impact was not expected at year-end 2019. Prior underwriting YoA development contributed a £5.5m improvement to the 2020 result.

It is also expected that 2020 YoA will have a lower loss ratio than 2019 YoA due to it being more exposed to the lower frequency COVID-19 environment, which is continuing into 2021. Additionally, enhancements to underwriting and technical pricing are also expected to further improve performance. The projected ultimate loss ratio for the 2020 was better than originally planned and an improvement on the 2019 YoA.

4. Investment Performance

The table below shows a breakdown of investment income by type for both 2020 and 2019 for FCG and SICL:

FCG	Year ended 31 Dec 2020 £m	Year ended 31 Dec 2019 £m
Bank interest income	0.06	0.5
Loan interest income	1.2	1
Investment interest	0.8	0.7
Write back accrued investment Interest	-	0.02
Realised gain on investments	0.4	0.2
Unrealised loss on investments	(0.7)	(0.5)
Investment management fees	(0.2)	(0.2)
Investment and other income	**1.6**	**1.7**

SICL	Year ended 31 Dec 2020 £m	Year ended 31 Dec 2019 £m
Bank interest income	0.02	0.04
Loan interest income	1.3	1.1
Investment interest	0.5	0.6
Realised gain on investments	0.5	0.2
Unrealised loss on investments	(0.5)	(0.2)
Other	(0.1)	(0.1)
Investment and other income	**1.7**	**1.6**

FCG Investment and interest income in 2020 was £1.6m (2019 £1.7m). The underlying net rate of return for the year on the Group's cash and investments was 1.37% (2019: 1.38%).

SICL Investment and interest income in 2020 was £1.7m (2019 £1.6m). The underlying net rate of return for the year on the SICL's cash and investments was 2.39% (2019: 2.18%).

5. Performance of Other Activities

Below is a table outlining the activities undertaken by FCG and SICL, other than its insurance and reinsurance related activities.

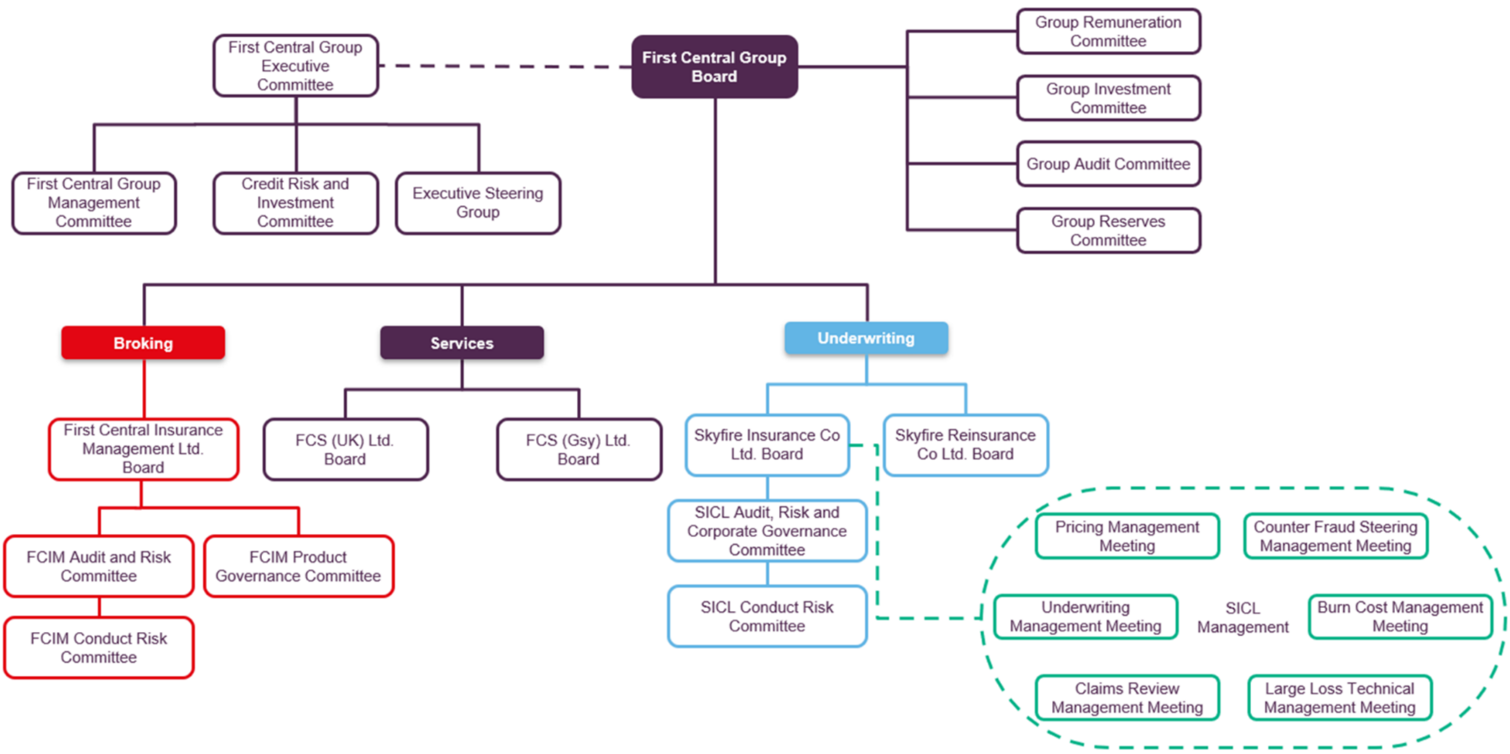
Profit from Other Activities	FC Group £m		SICL £m	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Net Underwriting Results	(16.8)	(26.3)	(27.3)	(28.3)
Other Activities:				
Other Revenue	119.6	93.1	48.3	37.3
Commissions	70.5	40.6	49.8	21.2
Other Net Costs	(117.1)	(93.9)	(37.1)	(28.1)
Finance Costs	(1.8)	(0.8)	(0.2)	(0.1)
Statutory Profit Before Tax	**54.4**	**12.6**	**33.5**	**1.9**
Taxation Expense	(3.3)	(1.9)	(3.3)	(0.1)
Statutory Profit After Tax	**51.0**	**10.7**	**30.1**	**(1.8)**
Net Underwriting Results	(16.8)	(26.3)	(27.4)	(28.3)

B. System of Governance

1. General Information on System of Governance

The FCG Board is responsible for ensuring the long-term, sustainable success for Group and its shareholders, and is the principal decision-making body for the Group. To achieve this, the Board oversees governance arrangements across the Group, which are set out through FCG's Corporate Policies, Group Risk Management Target Operating Model, Group Compliance Minimum Requirements and the Group Internal Audit Framework. Within these frameworks, the SICL Board has responsibility for governance of SICL, which must align with minimum expectations set by the FCG Board.

The Boards have delegated authority to a number of Committees empowered to oversee the governance of key risk areas of the Group, in accordance with approved Terms of Reference. The principal Committees for FCG are: The Group Remuneration Committee ('RemCo'), Group Investment Committee ('GIC'), Group Audit Committee ('GAC'), Group Reserves Committee ('GRC') and Group Executive Management Committee ('ExCo'); with SICL having the Audit, Risk and Corporate Governance Committee ('ARCGC'). FCG monitors SICL's adherence to the above-mentioned standards through GAC, and GAC also has responsibility for overseeing the performance of the ARCGC.



The main responsibilities of the boards, committees, meetings and forums are as follows:

FCG Group Board and Sub-Committees
FCG Board
The FCG Board's main focus is to formulate and oversee the strategic direction of the Company and Group, the distribution of shareholder funds, and to consider and review the Company and the Group's operational and financial performance.
Group Audit Committee (GAC)
GAC's core responsibilities include, but are not limited to: • Reviewing and challenging, where necessary, the actions and judgements of management in relation to the consolidated financial statements, before submission to, and approval by, the FCG Board; • Assessing the scope and effectiveness of the systems of governance established by management to identify, monitor, assess and manage financial and non-financial risks, including review of the Risk Register; • Reviewing any internal audit reports on the effectiveness of the systems, controls and processes in place; and • Engaging with external auditors and advisors where appropriate.
Group Investment Committee (GIC)
The GIC oversees and monitors the overall performance of investments made on the Group's behalf, in line with the investment guidelines. GIC also monitors the: a) Investment policies of individual subsidiaries to ensure they comply with the Group Investment Guidelines; b) Performance and adherence of investments against agreed investment risk appetite; and c) Performance of the investment portfolio manager.
Group Reserves Committee (GRC)
The GRC reviews and considers the Group's Claims Ultimate Loss Ratio ('ULR') projections so as to recommend to the SICL and SRCL Boards an appropriate ULR, on both a Gross and Net basis for each accident year, and its allocation to a year of account, both at the Group's financial year end and at least quarterly intervals during the year. The GRC considers an appropriate ultimate reserving provision in conjunction with the review by internal and external actuaries.
Group Remuneration Committee (RemCo)
RemCo considers the Group's remuneration and advises on specific remuneration structures of the whole Group, so as to: a) Ensure that all colleagues are fairly rewarded for their individual performance and contribution to the Group's overall performance; and b) Demonstrate that the pay of Executive Committee members is objectively reviewed by a Committee.

Subsidiary Boards and Sub-Committees
Skyfire Insurance Company Limited Board (SICL)
SICL Board's core responsibilities include, but are not limited to: • Guiding and overseeing the alignment of SICL's business performance to that of the First Central Group's Strategic Plan; • Considering and approving SICL's key objectives, KPIs and business metrics (reflecting Group requirements); • Reviewing and evaluating SICL's adherence to core processes, controls and policies in effect across the Group; and • Reviewing and overseeing the principal activities of the company (i.e. the provision of motor insurance to the UK motor insurance market).
Skyfire Insurance Company Limited Audit, Risk and Corporate Governance Committee (ARCGC)
The ARCGC's core responsibilities include, but are not limited to: • Examining and reporting on the level of assurance provided by SICL's risk, internal audit and control environment; • Reviewing and recommending for approval the SICL annual financial statements; • Assessing internal and external audit reports prepared in respect of SICL; and • Engaging with external auditors where appropriate.
First Central Insurance Management Board (FCIM)
FCIM Board's core responsibilities include, but are not limited to: • Guiding and overseeing the alignment of FCIM's business performance to that of the First Central Group's Strategic Plan; • Considering and approving FCIM's key objectives, KPIs and business metrics (reflecting Group requirements); and • Reviewing and evaluating FCIM's adherence to core processes, controls and policies in effect across the business.
First Central Insurance Management Audit and Risk Committee (ARC)
FCIM ARC's core responsibilities include, but are not limited to: • Examining and reporting on the level of assurance provided by FCIM's risk, internal audit and control environment; • Reviewing and recommending for approval the FCIM annual financial statements; • Assessing internal and external audit reports prepared in respect of FCIM; and • Engaging with external auditors where appropriate.
First Central Insurance Management Product Governance Committee (PGC)
The Product Governance Committee is a formal sub-committee of the FCIM Board, established to provide strategic reviews, performance monitoring and due consideration as to the suitability of insurance products, or any relevant ancillary service offered by FCIM. The PGC provides oversight of FCIM products during their lifecycle, and how they meet the needs of its customers on a quarterly basis.
First Central Services (Guernsey) Board
FCS Guernsey Board's core responsibilities include, but are not limited to: • Guiding and overseeing the alignment of FCS Guernsey's business performance to that of the First Central Group's Strategic Plan;

• Reviewing and overseeing the principal activities of the company (i.e. the provision of technology services to other Group companies); and • Reviewing and evaluating alignment of FCS Gsy regarding the appropriate adherence to core processes, controls and policies in effect across the business.
First Central Services (UK) Board
FCS UK Board's core responsibilities include, but are not limited to: Guiding and overseeing the alignment of FCS UK's business performance to that of the First Central Group's Strategic Plan; • Reviewing and overseeing the principal activities of the company (i.e. providing HR, Management and Financial Reporting, Financial Planning, MI & Data, Business Change and IT services to other Group companies); and • Reviewing and evaluating alignment of FCS UK regarding the appropriate adherence to core processes, controls and policies in effect across the business.
Skyfire Reinsurance Company Limited Board (SkyRe)
SkyRe Board provides oversight and monitoring of the reinsurance activities of the business provided to SICL. The Board's main responsibility is to ensure that sufficiently robust controls and processes are in place and that the performance against the core objectives and KPIs are being met.
Executive and Senior Management Groups and Forums
Executive Committee (ExCo)
To manage the day-to-day execution of the Board-approved Strategic Plan. The ExCo meet on a frequent (typically weekly) basis to oversee the implementation of key objectives, material spend, and other key processes. The ExCo is responsible for the delivery of corporate objectives, KPIs and business metrics and is the principal executive forum to oversee the performance of the Group. ExCo is the formal escalation route of the business to all Boards and Committees.
Executive Steering Group (ESG)
The Executive Steering Group is comprised of First Central's ExCo members and is the key forum through which ExCo members review, monitor and challenge the delivery of First Central's portfolio range of initiatives. The ESG meet on a monthly basis.
Group Management Committee (ManCo)
The Management Committee is comprised of FCG's management at the 'Heads Of' level and above. The Committee reports into the ExCo and supports ExCo members in managing the day-to-day execution of the Board-approved Strategic Plan. ManCo reviews and oversees operational and business performance against KPIs and escalates matters to ExCo (and onward to Boards/Sub-committees) as appropriate. ManCo meet frequently, typically twice monthly.
Group Transformation Delivery Group (TDG)
TDG is comprised of senior stakeholders across FCG who provide subject matter expertise, challenge and oversight of the delivery of the change portfolio against budget, benefits and milestones. TDG reviews and evaluates the major change initiatives across the Group, making recommendations to proceed, pause or stop activity to ESG and to track progress against agreed initiatives. The TDG meets frequently, typically twice monthly.

SICL Management Meetings
The SICL Board has established various management meetings to act within their prescribed authority in order to support the SICL Board to carry out its responsibilities, as follows: 1) Pricing Management Meeting To set and monitor rate changes and individual pricing activity to deliver the SICL Board approved overall pricing targets and plans 2) Counter Fraud Steering Management Meeting To maintain oversight of Counter Fraud performance to assess results, and to agree and approve the Counter Fraud strategy and individual initiative activity 3) Burn Cost Management Meeting To maintain oversight of SICL underwriting performance, review the impact of rate changes and to agree the SICL pricing strategy to deliver SICL Board approved targets 4) Underwriting Management Meeting To maintain oversight of SICL underwriting footprint to assess the appropriateness of underwriting acceptance criteria and technical product management in relation to overall SICL risk appetite and financial plans 5) Claims Review Management Meeting To discuss all matters relating to claims and claims handling, including reserving, which may have an impact on the result seen in the claims files at month end and to an ultimate settled position. 6) Large Loss Technical Management Meeting To discuss all matters relating to large and catastrophic loss claims handing and/or reserving, and to act as the custodian of all related matters
Performance Management Meetings
Quarterly Performance Management Meetings are in place to monitor key outsourced providers. Any material findings are escalated to relevant Boards.

2. Material changes in the system of governance

There were the following material changes in the system of governance during the year:

Group:
FCG further enhanced its system of governance through the appointment of the Chief Governance Officer, who will oversee the Risk & Compliance, Legal & Company Secretarial and Internal Audit functions within the Group.

SICL:
The management meeting framework was introduced. Two Executive Directors became Non-Executive Directors and a new Managing Director joined, strengthening the Board. The SICL Managing Director has worked throughout the year to further enhance SICL's governance arrangements.

i. Remuneration Policy

RemCo has responsibility for reviewing and approving specific remuneration and advising on the specific remuneration structures of all FCG and SICL Executive Directors, and nominated senior members of the management team, as well as all employees collectively so as to:

a) Ensure that all colleagues are fairly rewarded for their individual performance and contribution to the Group's overall performance (based upon its objectives); and
b) Demonstrate that the pay of ExCo members is objectively reviewed by a Committee.

Remuneration includes salary, incentives (including share incentive plans), bonus, pension, benefits, terms and conditions and contract of employment, discretionary payments, compensatory or settlement terms on loss of office or payments to be made on retirement or resignation. More details relating to the remuneration and shareholdings of key management personnel are set out in the Directors' Remuneration Report within FCG's 2020 Annual Report and in the SICL's 2020 Financial Statements.

Directors and managers are not allowed to decide on their own remuneration. The remuneration of Non-Executive Directors is recommended by the RemCo to the FCG Board or SICL Board, as appropriate.

ii. Distributions to/by the Group

A dividend of £6.0m (2019: £4.7m) was paid from SICL to FCG during the reporting period, and a dividend of £6.0m (2019: £1.7m) was paid by FCG to its shareholders, in accordance with the GFSC approved Distribution policy.

iii. Material related party transactions

Directors' transactions

During 2014 FCG made loans of £1.8m, £0.2m and £1.35m to Kenneth Acott, Peter Creed and Patrick Tilley respectively. Messrs Acott, Creed and Tilley were re-appointed as Directors of FCG on 11th February 2019.

These loans are repayable at an interest rate of 1.5% over the Bank of England base rate and are repayable by 2025 having been extended by a period of five years during 2020. As at 31st December 2020 the total loan amounts outstanding including accrued interest was £3.7m (2019: £3.7m).

In 2015 SPH PCC made a loan of £2.1m to Michael Leonard which accrued interest at 1.5%. The Company has received £0.9m in repayments from Mr Leonard during the year (2019: £0.2m) such that the outstanding loan balance at year end was £nil (2019: £0.9m).

In 2015 SPH PCC made a loan of £2.3m to Mr Creed which accrued interest at 1.5%. No repayments were made during 2020 (2019: £nil) and the outstanding loan balance at year end was £2.6m (2019: £2.6m).

Redeemable preference shares of 3,320,000 (X Class) were redeemed during the year ended 31st December 2020 (2019: 1,750,000). At 31st December 2020, £1.6m (2019: £4.9m) X Class redeemable preference shares were in issue.

Other related party transactions

A management fee of £80k (2019: £80k) was paid to Robus Risk Services (Guernsey) Limited, which is owned by Robus Group Limited ('RGL'). A management fee of £100k (2019: £100k) was paid to Robus Corporate Services (Guernsey) Limited, which is owned by RGL. Overall management fees of £518k (2019: £345k) were paid to Robus Risk Services (Gibraltar) Limited which is owned by RGL. RGL and FCG had some common shareholders until 1st December 2020.

In 2014, Evolution Insurance Company Limited ('EICL') made a loan of £1.7m to SPCC at an interest rate of 7%. The loans are secured by way of a first charge over SPH PCC's investment property. The loan repayment date was extended to 31st December 2023 during the year.

FCIM did not pay excess of loss and MIB contributions on behalf of EICL in 2020 (2019: £1.5m), or receive claims handling income from from EICL (2019: £23k).

EICL is a subsidiary of Evolution Holdings Limited, a company in which Messrs K Acott and P Tilley are majority shareholders.

The total remuneration (including pension contributions) for FCG's key management personnel for the year totalled £2.2m (2019: £1.9m).

The total remuneration (including pension contributions) for SICL's key management personnel for the year totalled £0.2m (2019: £0.1m).

3. Fit and Proper Requirements

SICL has fully adopted the principles and standards of the Gibraltar Regulated Individuals Regime ('RIR'), and FCG has adopted similar principles of clearly documented accountabilities in line with good practice.

FCG and SICL recognise the value of the fit and proper requirements in that a business run in a fit and proper manner, by fit and proper directors and other individuals holding key functions or roles, is a prudent approach to be taken and recognised as a good governance. In addition, the risks associated with a poorly run business (largely regulatory, financial or reputational risks) will be diminished.

There is no definition for ‘fit and proper’, however the term includes, amongst other, considerations of the concepts of honesty, solvency and competence.

The basic elements of the fit and proper assessment are:

- honesty, integrity and reputation (e.g. prudent approach to business, good reputation, no convictions for fraud or dishonesty, no regulatory sanctions, regulatory approval);
- competence, ability to conduct business and organisation (e.g. experience, knowledge, no reasonably unmitigable conflicts of interest); and
- financial position (e.g. no history of personal bankruptcy, no history of association with corporate bankruptcy).

The FCG and SICL Boards ensure that any candidate for a position on the Board, or for other key and regulated functions role holders are assessed to ensure that they fulfil RIR fit and proper requirements upon appointment and annually thereafter, and overall board composition and competencies are also considered. This includes reviewing the CV of the candidate, an in-depth interview, obtaining references (both personal and professional), and carrying out due diligence checks. Due diligence checks include verification of identification and address, and searches on due diligence databases. The candidate is also asked to declare any interests so the Board can review whether they conflict with the Group’s interests. All conflicts of Interest identified are recorded on a log and reviewed at each Board meeting.

4. Risk Management System including Own Risk Solvency Assessment

The Group has implemented a ‘three lines of defence’ approach to Risk Management and recognises the importance of managing risks faced in the pursuit of its business objectives. The definition of risk adopted by the Group is “the effect of uncertainty on objectives”, which is a derivation of the ISO31000 Risk Management standard definition of risk. FCG and SICL apply the Group’s Risk Management Target Operating Model, along with supporting policies and procedures which it has tailored for SICL. These constitute FCG’s and SICL’s Risk Management Framework (‘the Framework’). The Group Risk and Compliance Director liaises with FCG and SICL on a day-to-day basis to ensure that the Framework is implemented appropriately, and to provide support and training.

The purpose of the Framework is to provide a systematic approach to risk identification and management. It is reviewed from time to time to take account of the changing environment in which FCG and SICL operate. The Framework revolves around the Risk Register, which contains details of risks and controls, and the Framework includes a process for monitoring the implementation and efficacy of the controls.

i. Risk Management Process

The risk management process is consistent with ISO 31000, the Risk Management standard, and is comprised of 5 elements:

1) Identification;
2) Assessment;

3) Response;
4) Monitoring; and
5) Reporting.

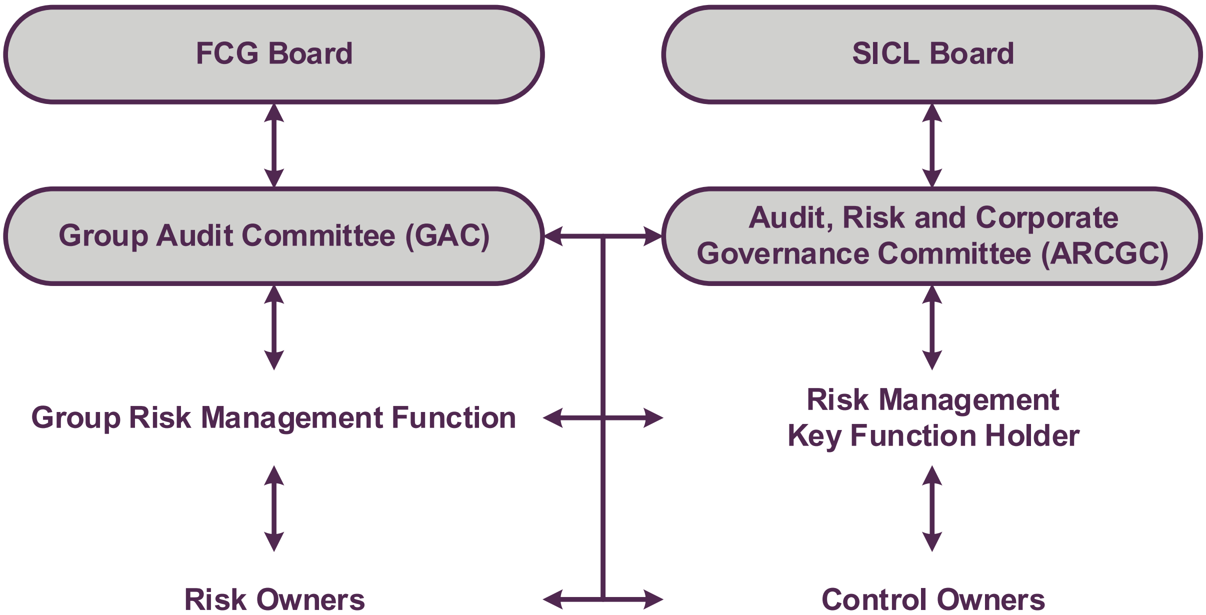
Risks are assessed on a pre-controls (inherent) and post-controls (residual) basis using a matrix of impact ('I') and likelihood ('L') scores to arrive at a High, Medium or Low rating. The amount of risk the Board will tolerate in the business, which is defined in the Group Risk Appetite Statement, is also considered in the target rating which is arrived at using the same matrix.

During the reporting period FCS UKL completed SICL's solo and the Group's solvency calculations and liaised with management, the ARCGC, GAC and Boards as necessary to ensure that the SICL solo and the Group SCR were continuously met. SICL ensures that risks to its own, and the Group solvency, are monitored and managed through the risk management process.

ii. Risk Management ('RM') Roles and Responsibilities

FORUM:	RESPONSIBLE FOR
FCG Board	Ultimate Responsibility for group RM and business risks; Sets Group RM Culture; Sets Group RM Policy; Sets Group risk appetites and tolerances.
SICL Board	Responsibility for SICL RM and business risks; Apply Group RM Culture; Apply Group RM Policy; Sets risk appetites and tolerances.
GAC	Delegated oversight of Risk Management across the Group; Reviews RM Culture and Policy; Monitors Group risk appetites and tolerances; Escalates risk to the FCG Board where necessary.
SICL's ARCGC	Delegated oversight of RM; Reviews business risk profile; Monitors risk appetites and tolerances; Escalates risk to the SICL Board where necessary.
Group Risk Management Function	Oversight and challenge of risk management activity across the Group; Ensures consistent application of Group RM Framework across all entities; Reports of the effectiveness of the Group RM Framework to GAC; Advises on RM best practice; Design and implementation of RM training.
SICL's Risk Management Key Function Holder	Ensures Risk Owners maintain the Risk Register, including challenging, adding or removing risks; Confirm emerging risks are relevant and appropriate; Ensures appropriate actions is taken if a breach has occurred, or is likely to occur; Monitors Risk Owner activity; Ensures Risk and Control actions are completed.
Risk Owners	Ensures Risk Register is kept up-to-date, including adding or removing risks; Identifies and monitors emerging risks; Maintains risk within risk appetite and acts if a breach has occurred, or is likely to occur; Monitors control owners' activity; Monitors completion of actions regarding mitigating measures and/or controls.
Control Owners	Review controls on risk assessed frequency; Assess and provide evidence of control efficacy.

Risk Management interactions are shown in the diagram below:



iii. Own Risk Solvency Assessment ('ORSA' or 'the Assessment')

SICL is responsible for completing ORSA, which is subject to Solvency II, and covers both the view of the consolidated group and SICL's view as the principal insurance company.

The ORSA's main purpose is to ensure that the Group and SICL assess all the risks inherent to their businesses and determine the corresponding capital needs or identify other means needed to mitigate these risks.

In particular, the ORSA considers situations in which the Group and SICL may be stressed. This is to examine whether the capital needs and mitigation measures necessary in these scenarios are sufficient to ensure that the business is prepared for, and robust enough to withstand, adverse conditions without detriment to stakeholders. The capital need identified is termed The Economic Capital Requirement ('ECR').

While the Risk Register focuses on risks from a bottom-up perspective, the ORSA takes a top-down approach, linking business objectives, business risks, risk appetites and tolerances, business planning and capital planning together. The results of the ORSA also feed back into the risk management process, ensuring that all risks identified are incorporated into the assessment, management, monitoring and reporting cycle.

An ORSA is carried out at least annually on the assumption that the solvency needs, and capital position, are not volatile, and the business' risk profile is stable. However, a revised ORSA will be carried out in specific circumstances which include, but are not limited to:

- A material change to SICL's reinsurance arrangements (not included within a previous ORSA);
- A variance to GWP in the business plan of >20%, whether up or down;
- New products or jurisdictions being considered (not included within a previous ORSA);
- A breach of risk tolerance threshold for an area of risk in which the stated risk appetite is 'averse', which is accepted rather than mitigated; and
- As required by the ARCGC, GAC and/or Executive.

The ORSA is embedded into the business and capital planning processes. The proposed business plan is used to calculate the regulatory capital requirement (from the SCR calculation) and the ECR (from the ORSA). Both of which are considered by the relevant Board alongside the business plan. The business plan is then either approved or revised including any capital requirements and sensitivities.

5. Internal Control System

FCG's Group Risk Management Policy documents the procedures in place within the Group (including SICL), to ensure there is an effective internal control framework in place. The internal control system is managed through both the effective operation of the systems of governance in place within the Group, as well as through the 'three lines of defence' model implemented by the Group.

The internal control framework is broadly defined as continually operating processes, effected by the Board of Directors, management and all levels of employee, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations in view of its risks and objectives;
- Availability and reliability of financial and non-financial information; and
- Compliance with applicable laws, regulations and administrative provisions.

Internal control consists of five interrelated components:

- Control environment: sets the tone of an organisation through the business plan, risk appetite and risk profile;
- Risk assessment: understanding the assessment of the risks which exist which would impact on the Group and SICL's ability to achieve their objectives;
- Control activities: policies and procedures that help the Group and SICL ensure necessary actions are taken to address risks to achieve their objectives;
- Information and Communication: pertinent information must be identified, captured and communicated in a form and timeframe that allows relevant individuals to carry out their responsibilities; and
- Monitoring: internal control systems need to be monitored to assess their over time. This is accomplished through ongoing monitoring activities, with deficiencies in the internal control framework reported to senior management and the Board.

These components work to establish the foundation for sound internal control within the Group through directed leadership, shared values and a culture that emphasises accountability for control.

The Group's control environment is determined by the FCG Board of Directors, supported by a number of Committees who have set the tone of the organisation through the culture, principles, business plan and risk appetite. SICL follows these standards set by the Group.

Key control activities are mapped to the risks held within the Group's Risk Register.

i. Responsibilities

First Line (management) is responsible for monitoring and managing all the risks facing their operation within the Board approved risk appetite, whether this be through techniques such as call monitoring, file reviews or quality reviews. Results on monitoring activities are provided to managers, and subsequently reported on through the Group's governance structure, as set out above in section B1.

Second Line (Risk, Compliance and Data Protection functions) is responsible for the oversight of the First line. This is done through:

- Risk reviews: business unit risk and controls are reviewed with Risk Owners quarterly, and material risks and KRIs are presented to ExCo, GAC and ARCGC in a quarterly report;
- Risk Assurance reviews: in-depth validation of control recorded in the Risk Register to ensure that Control owners can demonstrate the appropriateness of the controls' design and efficacy; and
- Compliance Advice and Compliance Monitoring Reviews presented to GAC and ARCGC.

Third Line (Internal Audit) is responsible for conducting an objective and independent appraisal of all the Group's activities, financial and otherwise, through a risk based plan, approved annually by ARCGC and GAC.

ii. Compliance Function

The Group Compliance Function advised the Boards on the strategic direction for the Group on Compliance matters and provides oversight and assurance to the FCG and SICL Boards over the effectiveness of the first line areas in delivering its regulatory responsibilities and adherence to the rules and guidelines set by the Gibraltar FSC, FCA and other regulatory bodies as applicable.

The Group Compliance Function is responsible for the design, implementation, monitoring, and review of the Group's Conduct Risk Management Framework as well as the identification and communication of any new requirements arising from changes in regulation. Group Compliance, along with Group Risk, oversees the First Line processes for identifying, owning and ongoing management of Conduct Risk, including the implementation of new regulatory requirements.

SICL's Compliance Function operates within this framework, the Group Risk & Compliance Director and the SICL Compliance Function Holder provide regular reports to the GAC and ARCGC to monitor compliance risk and appetite, and escalate to the Boards as appropriate.

The Group Compliance Function works with the Group Risk Function, SICL Compliance Function Holder and SICL Risk Function Holder to provide advice and resolution to risk incidents as they arise. Management of customer outcome incidents is completed in line with the Group Risk Management Policy.

iii. Internal Audit ('IA') Function

Internal Audit's primary role is to assess the level of assurance that can be obtained on risk management, governance and controls by evaluating whether the frameworks are operating effectively and agree recommended actions to be taken where issues are identified. Its secondary role is to provide consultancy advice to management in developing such frameworks. FCG has implemented its Group Internal Audit Charter ('GIAC') which outlines minimum requirements, how the function will be performed, and SICL adheres to these.

FCG has engaged Mazars LLP ('Mazars') to act as its internal auditor, delegating responsibility for the delivery of the Internal Audit Plan, with the GAC, retaining oversight of the service provided.

Additionally, SICL Board has appointed a separate Internal Audit Key Function Holder ('IAKFH'), a Non-Executive Director ('NED'), who is responsible for the efficacy of the function and associated tasks relating specifically to SICL. SICL also relies on the outsourced arrangement that FCG has with Mazars to fulfil its internal audit requirements, being part of the FCG Internal Audit programme. However, the SICL function holder retains responsibility for the delivery of the plan and conducting, with the independent members of the ARCGC, a quality review of the service provided.

Mazars commenced its Internal Audit model in 2019 and is contractually obliged to run the current three-year cycle through 2021. The relationship is managed by the Chief Governance Officer and the SICL IAKFH.

The core principles of the GIAC and the Mazars outsource model are:

a) Independence

Mazars report, and are accountable, to GAC and ARCGC both of which are responsible for their effectiveness and efficiency. IA acts independently of line management and has a direct reporting line to the GAC and ARCGC to raise any issues identified. This allows Mazars to carry out their work effectively and to retain the independence of the function and the outputs generated.

GAC and ARCGC are composed primarily of NEDS with a material presence of independent non-executive directors ('iNEDs').

b) Audit Strategy

Mazars established a rolling three-year Internal Audit Plan and maintain this, with input from the IA function holders. This is reviewed by GAC and ARCGC at least annually and is linked to the SICL Business Plan (where possible) to assist in the attainment of the Group's goals.

c) Annual Plan

Mazars prepares an annual plan based upon the audit strategy which is presented to, and approved by, GAC and ARCGC. This outlines the audits to be performed in the forthcoming year. The scope and frequency of audits included within the plan takes previous year audit results into consideration, along with a risk assessment of business activities, materiality and the adequacy of systems of internal control. The plan aims to include specific coverage of Finance, Operational Departments, Information Technology and Special Projects (at the request of GAC or ARCGC).

GAC and ARCGC monitor performance against the annual plan throughout the year, any significant deviations are advised to the Group Chief Governance Officer and the SICL IAKFH during the quarterly reporting cycle. This may include significant changes to the plan, to reflect the need to address different or emerging risks and issues. However, any changes to the plan are formally approved by the relevant audit committee.

d) Audit Recommendations Log

Group Risk maintains a log of all internal audit recommendations raised during audits completed. This log records the priority of the recommendations, the assigned owners and agreed completion dates. Risk reviews the log, particularly as part of the quarterly reporting cycle to GAC and ARCGC, to ensure all actions are addressed in a timely manner and in preparation for follow-up review by Mazars. ExCo and the IAKFH receive monthly reports from Risk on open action progress. Mazars test a sample of the actions followed up annually, which have been monitored, reported on, and closed by Risk to verify that these have been managed in accordance with the required IA standards. However, to retain independence, Mazars will review in full all actions that relate to any activities within the Second Line.

e) Reporting
The reports produced for each internal audit assignment are provided directly to ExCo and GAC or ARCGC as appropriate. The reports contain details of the audit work that has been performed, explanations of the issues or gaps identified, with proportional and appropriate recommendations, together with the relevant manager's comments. All recommendations are fully discussed with the relevant process and action owner, with target completion dates agreed.

Mazars IA provides a quarterly report to GAC and ARCGC, detailing work undertaken during that period against the agreed IA plan, and recommendation progress against the logged target dates.

iv. Actuarial Function

SICL's actuarial function holds the responsibility for ensuring the Group's actuarial services are effectively and efficiently carried out. SICL's Head of Reserving, the Actuarial Function Key Holder ('AKF'), provides regular reports to the GRC, and an Actuarial Function Holder report directly to the SICL Board on an annual basis.

The actuarial function is responsible for:

- calculation of technical provisions;
- ensuring appropriate methodologies and underlying models are used, as well as verifying the assumptions made in the calculation of technical provisions are appropriate and proportionate;
- assessing the sufficiency and quality of the data used in the calculation of technical provisions;
- comparing best estimates against experience;
- 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; and
- contributing to the effective implementation of the risk management system.

Each of these activities is undertaken at least annually, and the outcome reported to the FCG and SICL Boards in the AKFH report.

The SICL actuarial function also supports Group activity, where required. For example, the Group Reserves Committee, Group solvency calculation and ORSA. Willis Towers Watson, a third-party actuarial service provider is engaged on reserve review and ad-hoc support matters to inform the opinion taken by the actuarial function and GRC.

6. Outsourcing

The Group's outsourcing arrangements are monitored by the appropriate business area, with support from Group Procurement. The Group views outsourcing as being the use of a third party (either an affiliated entity within the same group or an external entity) to perform activities on a continuing basis that would normally be undertaken within the Group entities. The third party to whom an activity is outsourced is a 'service provider'.

The Group utilises outsourcing arrangements that shall not diminish FCG's or SICL's ability to fulfil their obligations to customers or regulators, nor impede effective supervision by any applicable regulator.

Fundamental responsibilities such as the setting of strategies and policies, the oversight of the operation of FCG's or SICL's processes, and the final responsibility for customers, is not outsourced.

The Group considers outsourcing where it believes that there is an advantage to the Group and customers by using a service provider e.g. access to specialist resource, provision of services in the same jurisdiction as the customer, or cost benefits.

i. FCG Outsourcing

FCG relies on a number of material service providers to ensure that customer and operational service is provided in a timely manner and consistently across the Group. FCG has an outsourcing policy which describes how it makes the decision to outsource, how a service provider is selected, and how the relationship is defined, managed and monitored and takes a risk-based approach to all these activities.

Material Service Providers during the year:

Service Provider	Service Provided	Jurisdiction Located
Robus Risk Services (Guernsey) Limited	Insurance Management (compliance tasks, risk management tasks, company secretarial, banking & investments, regulatory reporting)	Guernsey
FCIM	Marketing Brand Management Outsourced Services Management	UK
FCS UK	Financial Services including management, accounting, financial reporting, modelling/business planning, solvency treasury and investments Business & Human Resources Procurement Services & Management Facilities Data Management & Provision of Management Information	UK
FCSG	IT Services Data Storage IT systems and development	Guernsey
Mazars LLP	Internal Audit	UK

ii. SICL Outsourcing

Additionally, SICL relies on third parties to provide significant services which allow it to focus on the insurance capacity it provides to the Group. SICL has an outsourcing policy, aligned to FCG's, which describes how it takes the decision to outsource, how a service provider is selected, and how the relationship is defined, managed and monitored.

Material Service Providers during the year:

Service Provider	Service Provided	Jurisdiction Located
Robus Risk Services (Gibraltar) Limited	Insurance Management (compliance tasks, risk management tasks, company secretarial, banking & investments, regulatory reporting)	Gibraltar
FCIM	Claims handling Counter fraud services Policy Sales Marketing Brand Management Outsourced Services Management Assistance with Reinsurance Activities Complaints Handling	UK
FCS UK	Financial Services including management, accounting, financial reporting, modelling/business planning, solvency, treasury and investments Business & Human Resources Product Development Procurement Services & Management IT Services Facilities Data Management & Provision of Management Information	UK
Chaffinch Management Services Limited	Claims supplier management	Ireland
Teleperformance Limited	Policy sales and administration (telephony)	UK
Vanguard Vehicle Services Limited	Vehicle salvage services	UK
FCG Limited	Trademark use Software licence (rating engine) Strategic/Financial oversight Risk management framework Compliance framework Legal services Procurement and supplier management	Guernsey
FCSG	IT systems and development	Guernsey
Mazars LLP	Internal Audit	UK

7. Adequacy of the System of Governance

FCG and SICL aim to continuously improve their compliance and governance systems by reviewing, evaluating, and recommending improvements to the Boards at least annually. These improvements cover enhancing and developing the systems, including the outcomes from compliance monitoring programme, root cause analysis from complaints, breaches and incidents, and incremental development as the systems mature. It also considers relevant industry advice and guidelines, for example the UK Financial Reporting Council's Corporate Governance Code, implementing these as appropriate for the size and complexity of the Group.

Internal and external audits provide independent evaluation of the Group's and SICL's system of governance. Recommendations from these audits are considered by GAC, ARCGC, and both Boards, and are implemented proportionate to the Group's risk profile.

C. Risk Profile

The FCG Board is responsible for determining risk strategy and risk appetite across the Group, and for the Group's system of risk management and internal control. The Board has delegated the development, implementation and maintenance of the Group's risk management framework to GAC for the purposes of reviewing and reporting on the overall effectiveness of this system. SICL Board has aligned itself to this framework, as it relates to SICL, and has delegated the oversight of the SICL risk environment to the ARCGC.

The efficacy of each control is assessed by the relevant owner as part of a fixed review process, in conjunction with the Risk Management Function Holder, RRS and Group Risk (where required) with this attestation used to make the assessment of the Group and SICL's exposure. The performance of controls that relate to specific risk causes are aggregated and subject to a qualitative review in order to assess the overall exposure.

Each risk area also has a tolerance agreed by the FCG and SICL Boards and by responsible executives to support management in understanding of risk appetite and to allow for the identification of incidents. For example, the tolerance for Information Security Risk (for which FCG and SICL have a generally cautious appetite or averse when it comes to sensitive data) is aligned within the Group Risk appetite, which has been agreed with the Group Audit Committee. The information security risk methodology and assessments, backed by the implementation of best practice controls, is used to manage information security risks. Key Performance Indicators (KPIs) and assurance reviews are designed in order to measure alignment with ISO27001 and track automated controls, manual controls and incidents in order to allow expert review and assessment of exposure.

Both SICL and FCG have further enhanced their risk management frameworks during 2020, redefining the specific risks across the full risk spectrum that are applicable to the businesses and confirming the areas that require control effectiveness improvements or enhancements to move residual risk tolerances within appetite.

As a result of this activity, the Group has enhanced its maturity in respect of its overall understanding and management of the risk profile of the businesses and will continue to develop this in the future to reduce or remove any of the residual gaps that may be identified.

The current summary position referenced within the ORSA document reflects the current position of the Group, with a number of control enhancements that the Group wishes to implement scheduled during the coming months.

1. Underwriting Risk

Ongoing underwriting risk for the Group is managed and monitored by the FCG and SICL Management Governance Frameworks. Efficacy of controls across this risk management framework are maintained by conducting regular reviews, continuously improving mitigating measures and reporting this control cycle feedback to the ARCGC, GAC and Boards.

SICL is one of two (re)insurance entities in the Group, but as the principal insurer, it is the primary risk carrier in the Group. Skyfire Reinsurance Company Ltd ('SRCL'), as the Group's reinsurer, underwrites risks underwritten by SICL through a quota share reinsurance arrangement.

As the only insurer in the Group, SICL presents an underwriting risk to the Group in circumstances where the ultimate cost of claims for the risks underwritten is significantly in excess of the premiums collected for those risks and the regulatory solvency capital retained by SICL. While any shortfall in required regulatory solvency capital can be mitigated through SICL's and FCG's ability to raise additional solvency capital (e.g. issuing subordinated debt, extending quota share cessions, de-risking the investment portfolio, raising of equity capital), rhe key risk to manage, therefore, on an ongoing basis is the adequacy of premiums charged in relation to insurance business underwritten and capital.

In addition to premiums written as an insurer, SICL also receives a share of the income earned by FCIM from the associated sales of ancillary product commission and instalment income where customers spread the cost of insurance over the life of the policy. Income is transferred to SICL through the Group's Transfer Pricing policy.

i. Reinsurance

FCG and SICL rely on a quota share (FCG 2020: 60%, 2019: 80%; SICL 2020: 80%, 2019: 90%) and Excess of Loss ('XOL') reinsurance programme to mitigate its underwriting risk and provide greater flexibility over the volume underwritten. It mitigates its counterparty risk by applying a policy of using A- or above rated (by AM Best or S&P) reinsurers.

ii. Reserving

Inappropriate reserving will result in the claim reserves being materially inaccurate. This could result in the reserves that SICL hold being insufficient to cover customer claims or other liability obligations owed by it. Alternatively, over-reserving could result in understating profit recognition, capital strain and inappropriate pricing impacting SICL's competitive position.

Ongoing reserving risk is managed and monitored by the SICL Management Governance Framework. Efficacy of controls across this risk management framework are maintained by conducting regular reviews, continuously improving mitigating measures and reporting this control cycle feedback to the ARCGC, GAC and Boards.

2. Market Risk

The Group is exposed to market risk in relation to its investments. This investment risk is mitigated by a cautious risk appetite under which the Group conservatively invests in UK gilts, sovereigns, supranationals, agency bonds, money market funds and cash. The Group also invests in elective property investments and loans. The GIC regularly reviews its investment risk appetite and maintains a conservative strategy. The GIC and management closely monitor all investments and receive quarterly property updates from the Chief Financial Officer ('CFO'), who is responsible for overseeing the investment portfolio.

i. Prudent Person Principle

Solvency II has introduced the Prudent Person Principle for managing investments. The Prudent Person Principle seeks to ensure that the industry understands and can manage its investment risks. Specifically, insurers must be able to demonstrate that they can properly identify measure, monitor, manage, control and report on their investment risks.

FCG's risk management and strategic decision-making process in respect of asset investment is centred on the GIC. The GIC is an FCG Board sub-committee, with representation from SICL. The governance process for material asset investment decisions can be summarised as follows:

1. Review
- Management review of asset classes, asset managers and proposed assets
- Factors considered include: yield, capital, asset and liability duration, diversification, credit quality, liquidity, currency, cost, tax, accounting and environment, social and governance factors.

2. Proposal
- Proposals discussed at Group Investment Committee
- Senior Management review including CFO

3. Approval
- Investment Policy approved by FCG and SICL Boards

4. Implementation
- Management implement Policy
- Included in the ongoing valuation, income and capital process

The Group forecasts the cash requirements over a three to five-year horizon based on the Strategic Plan, considering forecast claims payment patterns, contractual payments (e.g. XOL and quota share reinsurance payments) and liquidity of the assets. In particular, the bond portfolio is invested in short dated UK gilts, supranational and agency bonds which, along with the cash and cash equivalents held, are designed to approximate the nature and duration of the insurance liabilities.

3. Credit Risk

Credit risk is the risk that a counterparty will be unwilling or unable to pay amounts in full when due.

Key areas of exposure to credit risk are:
- Reinsurers' share of insurance liabilities;
- amounts due from reinsurers in respect of claims already paid;
- amounts held with banks and other financial institutions; and
- amounts due from an insurance intermediary.

i. Reinsurance and Financial Institutions

All reinsurance and financial counterparties used have a credit rating of at least 'A-', with the exception of SRCL, an intragroup reinsurer, which is unrated. The credit rating requirement mitigates counterparty default risk (with the exception of SRCL); however, given the existence of collateral by funds withheld arrangements, and that arrangements between SICL and SRCL are part of the same Group, this risk lies within risk appetite.

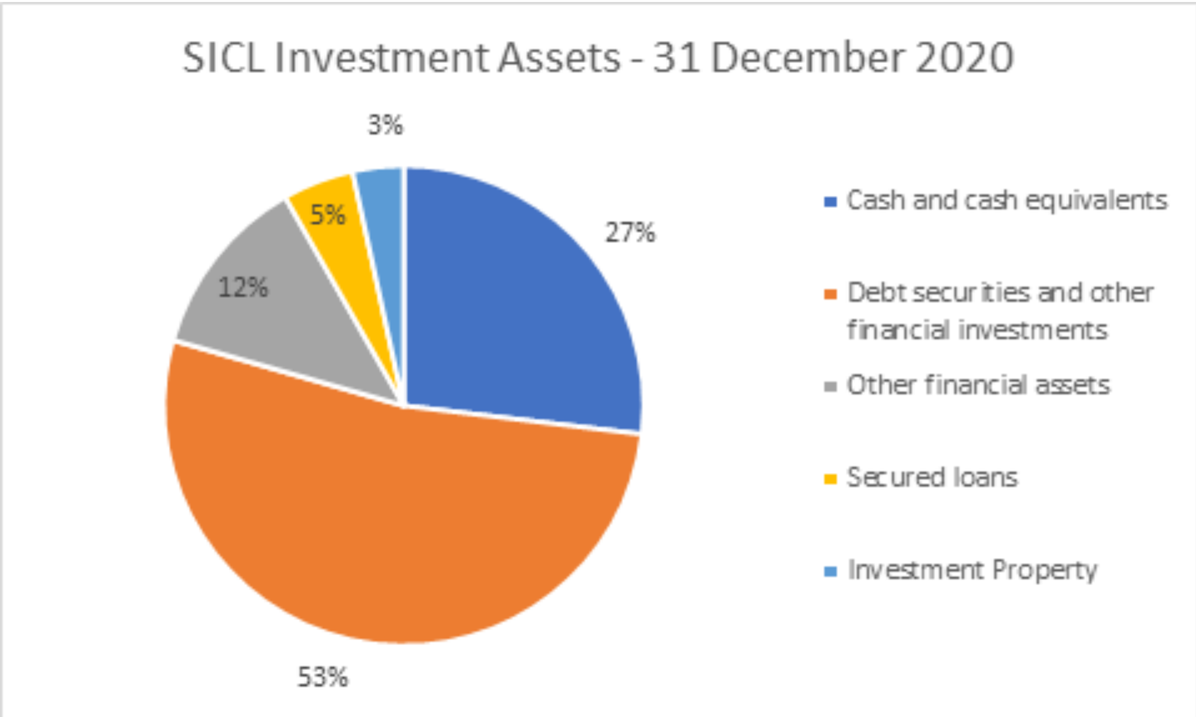
Credit risk presented by premium owed by the insurance intermediary (FCIM) is mitigated by a contractual requirement for FCIM to pay all premium due for the period policies are on risk to SICL, whether it has been collected from policyholders or not, and by FCIM being a connected party.

4. Liquidity Risk

Liquidity risk is the risk that cash may not be available to pay the obligations when they are due.

Liquidity risk is assessed and monitored on a day-to-day basis, ensuring that there are sufficient funds available to meet both immediate and foreseeable cash flow requirements. This is done by reviewing balances in bank accounts and investments against expected requirements, bearing in mind maturities of investments, notice periods for withdrawals, and known substantial expenses (e.g. reinsurance premium payments).

The assets of the Company are distributed as follows:



5. Operational Risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, or from personnel and systems, or from external events, either because of market conditions or operational difficulties, which arises within all areas of the Group.

FCG and SICL share the same key operational risks, which are:

- Incorrect analysis of rate change leading to incorrect rate calculations being applied and not being identified;
- Ineffective information security resulting in the inability to preserve the confidentiality, availability or integrity of information;
- Material service provider fails to provide key services owing to being unable to operate, affecting the Group's ability to service customers and sell policies;
- Financial crime risk, which has resulted in a dedicated Counter Fraud Director being employed to minimise exposure to financial crime;
- Poor performance of the reinsurance broker, which the Group is heavily dependent on to secure reinsurance coverage, the best price, and avoidance of unfavourable terms;
- Material misevaluation of reserves which could result in the reserves calculated and stated in the Financial Statements not adequately representing or covering the liabilities;
- Inappropriate pricing covering policies written at inappropriate premiums, resulting in insufficient funds to cover insurance costs (claims, expenses and capital cost); and
- Poor quality data, including policy and claims data, being used by the Pricing and Reserving actuaries when completing their analysis, resulting in inappropriate decision making and guidance management of the business.

Operational risk within the Group is identified, assessed and monitored through the Risk Management Framework, which is overseen by GAC and ARCGC; this includes reviewing controls for appropriateness and efficacy. The operational risk capital requirement is calculated using the standard formula.

6. Other Material Risks

i. Free Trade Agreement (Brexit)

As noted in section A, the UK and EU signed a trade agreement prior to the end of the Brexit transition period. The Board continues to monitor the ongoing changes that have arisen from the ratified deal particularly around concerns of potential claims inflation, any potential border impacts, and monitoring the status the UK obtains regarding data adequacy status with the EU.

Ii. Covid-19

As noted in section A, there has been favourable claims development, and the SICL and FCG Boards continue to monitor commercial, legal and regulatory developments relating to Covid-19. We had previously anticipated, pre-Covid-19, long-term trends towards increased public transportation usage and flexible vehicle ownership. We believe the impact of these will be deferred due to customers prioritising flexibility and what they perceive to be more safe forms of travel, which means customers are likely to require motor insurance which will result in a broadly stable market size. The ongoing monitoring and reaction to developments related to the Covid-19 Pandemic remain a crucial item, that is managed daily at the executive level, for the Board.

E. FCG Valuation for Solvency Purposes

1. Assets

As at 31st December 2020, FCG held the following assets:

Asset Class	GAAP Accounts Value (£m)	Look Through (£m)	Solvency Valuation Adj. (£m)	Solvency Value (£m)
Investments in properties	13.4	0.0	(5.6)	7.8
Corporate and government bonds	60.9	(26.3)	26.7	61.3
Collective investment undertakings	0.0	(9.2)	46.9	37.7
Collateralised securities	0.0	0.0	0.0	0.0
Technical provisions – reinsurance share	377.5	36.1	(154.6)	259.1
Insurance and reinsurance receivables	217.0	0.0	(212.2)	4.8
Cash and cash equivalents	85.5	(0.6)	(37.1)	47.8
Financial investments - other loans	12.2	0.0	5.4	17.6
Other assets	26.5	0.0	(6.0)	20.5
Deferred acquisition costs	23.3	0.0	(23.3)	0.0
Deferred taxation	0.0	0.0	5.1	5.1
Derivatives	0.0	0.0	0.0	0.0
TOTAL	**816.4**	**0.0**	**(354.7)**	**461.7**

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

- Bonds and secured loans – these are quoted instruments in active markets and therefore the market price as at 31st December 2020 has been applied in the GAAP accounts, excluding accrued interest. On the Solvency II balance sheet, the bonds have been valued including accrued interest and the loans have been set at fair value;
- Reinsurance share of unearned premiums – the reinsurance share of unearned premiums reserve comprises the reinsurer's share of the proportion of gross premiums written which is to be earned in the following or subsequent financial years in the GAAP accounts. The unearned premiums are not recognised for solvency purposes, and instead the expected claims arising on the unearned premiums are recorded within the reinsurance share of technical provisions;
- Reinsurance share of claims reserves - the reinsurance share of claims reserves comprises the reinsurer's share of the claims outstanding (including claims which are estimated to have been incurred but not reported) as at 31st December 2020;
- Deferred acquisition costs – on the Solvency II balance sheet these have been valued at nil;
- Deferred tax asset/liability – valued based on the expected tax benefit or expense once the valuation adjustments to transition to solvency valuations unwind; and
- Derivative assets and liabilities – there are no derivative assets or liabilities

2. Technical Provisions

The FCG technical provisions incorporate claims reserves incurred based on earned premiums which consider all reasonably foreseeable estimates. This includes reserves for claims incurred plus a provision for claims Incurred but Not Reported (‘IBNR’). FCG also considers any amounts recoverable from reinsurance contracts in respect of its claims reserves and IBNR.

The Solvency 2 technical provisions by line of business are as follows:

31st December 2020:

Line of business	Technical provisions (excluding risk margin) (£m)	Risk margin (£m)	Technical provisions (£m)
Motor vehicle liability insurance	278.8	5.3	284.1
Other motor insurance	12.5	0.2	12.7
Total	**291.3**	**5.5**	**296.9**

31st December 2019:

Line of business	Technical provisions (excluding risk margin) (£m)	Risk margin (£m)	Technical provisions (£m)
Motor vehicle liability insurance	370.0	4.1	374.1
Other motor insurance	3.0	0.0	3.0
Total	**373.0**	**4.1**	**377.1**

The tables above show that technical provisions have decreased in the year, primarily due to the impacts of COVID-19 on the claims experience throughout 2020.

The key areas of uncertainty around technical provisions are as follows:

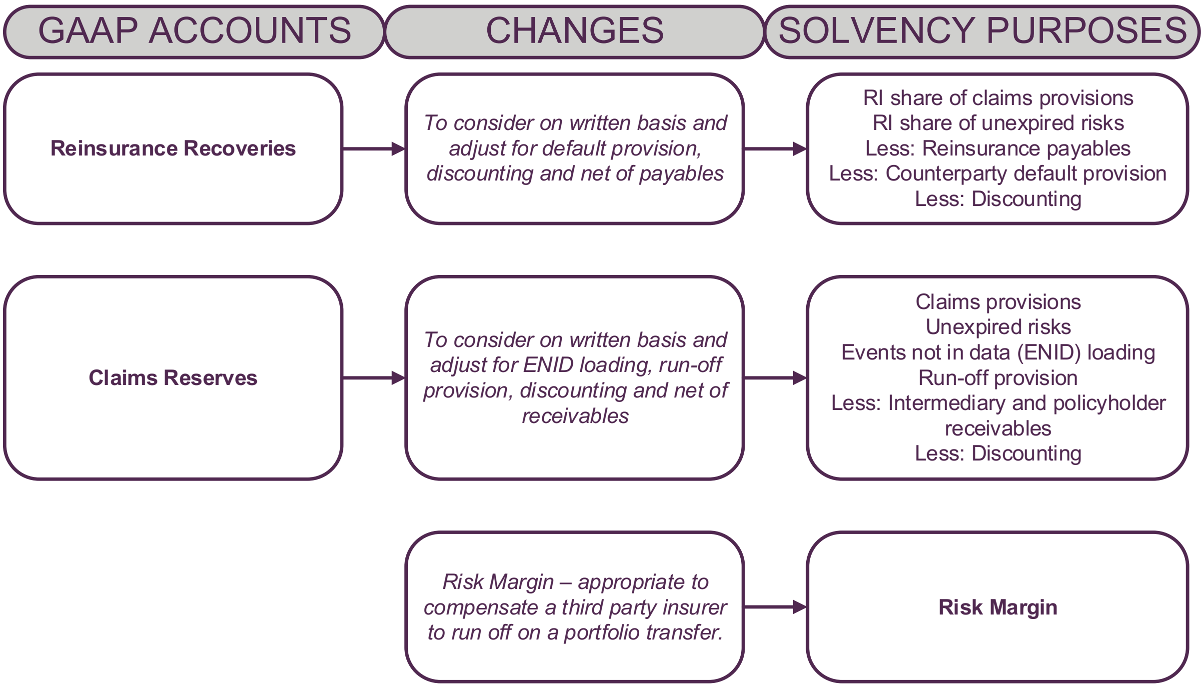
- Estimation of outstanding loss reserves (“OSLR”) – while information about claims is generally available, assessing the cost of settling the claim is subject to some uncertainty;
- Estimation of the losses relating to claims which have been incurred but not reported (“IBNR”) – this is generally subject to a greater degree of uncertainty than estimating the OSLR since the nature of the claims is not known at the time of reserving;
- Estimation of claims arising on business which has not yet expired (“unexpired risks”) this is uncertain as the claims have not yet been incurred but are expected to be incurred on the business which FCG has written;
- Market environment – changes in the market environment increase the inherent uncertainty affecting the business. In particular, there are likely to be on-going impacts from the Coronavirus pandemic on vehicle damage-related claims inflation that are uncertain;

- Events Not in Data ('ENID loading') – estimating a provision for events not in data is subject to considerable uncertainty as the events being reserved have not been observed;
- Run-off expenses – the estimation of the expenses required to run-off of the bound obligations is inherently uncertain due to the estimations around the length of the run-off, base costs and inflation; and
- Risk margin – the risk margin, being the margin payable to transfer the business to another insurance carrier, is uncertain due to the requirement to forecast future solvency capital requirements over the period of a run-off. This therefore shares the same uncertainties of the run-off expenses provision, as well as the inherent uncertainties around forecasting future solvency capital requirements.

FCG manages the risks around these uncertainties via the following actions:

- Ongoing monitoring of claims, including regular reviews of claims handling functions;
- Maintaining several reinsurance arrangements to limit the impact of adverse claims; development;
- Internal controls through the Underwriting Management Meeting and Actuarial Function which monitor claims development and reinsurance arrangements; and
- Regular internal and external actuarial reviews.

The changes required to transition from GAAP accounts to technical provisions for solvency purposes are noted below:



We shall consider each of these adjustments to transition from GAAP accounts to solvency technical provisions:

- Claims provisions: The IBNR (which includes a claims handling provision) in FCG's GAAP accounts includes a margin in excess of best estimate which is not included in the Solvency II Best Estimate Liability. Other than removing this margin FCG has made no other adjustments to its claims provisions in its GAAP accounts in recording the claims provisions for solvency purposes. The claims provisions as at 31st December 2020 for FCG were £318.4m;

- Reinsurance share of claims provisions: FCG has made no adjustments to its reinsurance recoveries in its GAAP accounts in recording the reinsurance share of claims provisions for solvency purposes. The reinsurance share of claims provisions as at 31st December 2020 for FCG were £249.0m;

- Unexpired risks: FCG has estimated the claims which will be payable on unexpired risks (sometimes termed 'premium provisions') based on the ultimate loss ratios and large loss experience from the claims provisions. FCG has considered whether adjustments may be required as a result of contract boundaries and decided to include a provision for bound but not incepted risks. The gross premium provisions as at 31st December 2020 for FCG were £144.2m;

- Reinsurance share of unexpired risks: FCG has estimated the amounts recoverable on unexpired risks (sometimes termed 'premium provisions') based on the ultimate loss ratios and large loss experience from the claims provisions, including the reinsurance share of the bound but not incepted risks. The reinsurance share of gross premium provisions as at 31st December 2020 for FCG were £82.9m;

- Intermediary and policyholder receivables: Intermediary and policyholder receivables are netted off the technical provisions for solvency purposes. There are no valuation differences between GAAP accounts and intermediary and policyholder receivables for solvency purposes. The insurance receivables as at 31st December 2020 for FCG were £187.4m;

- Reinsurance payables: Net amounts payable to reinsurers are netted off the reinsurance recoveries for solvency purposes. There are no valuation differences between GAAP accounts and net reinsurance payables for solvency purposes. The net reinsurance payables (being reinsurance payables less financial investments held for collateral arrangements) of FCG as at 31st December 2020 were £123.7m;

- Events Not in Data loading: Technical provisions for solvency purposes are required to allow for all possible events, including those that may not have been historically realised. Such events not presented in a set of observable historical loss data are often called Events Not in Data ('ENID'). This is a difference in valuation methodology compared to the GAAP accounts that considers best estimates which can be reasonably foreseen, and therefore leads to a loading on the technical provisions to consider the probability weighted effect of events which have not previously been observed. FCG has undertaken an analysis on the changes in both gross and net provisions following a number of different possible scenarios, considering both positive and negative outcomes. This has then been adjusted following scenario analysis which considered both positive and negative outcomes. As such, the ENID loading applied by FCG as at 31st December 2020 was £1.4m;

- Counterparty default provision: FCG has considered a provision for default by one or more of its reinsurance providers. The provision is based on the total exposure to the counterparty, the rating of the counterparty and the existence of any collateral arrangements with the counterparty. FCG estimates the counterparty default provision and considers each of the exposures, net of collateral arrangements in existence, applies the estimated probability of default by rating, and derives a weighted average probability of default. FCG's exposures are from reinsurers with a rating of A- and above and from Skyfire Reinsurance Company Limited which is unrated and so any weighted averages will be skewed by the proportion of exposures relating to Skyfire Reinsurance Company Limited. FCG has calculated the weighted average probability of default of reinsurers as 0.02%, and thus the counterparty default adjustment is £0.1m;

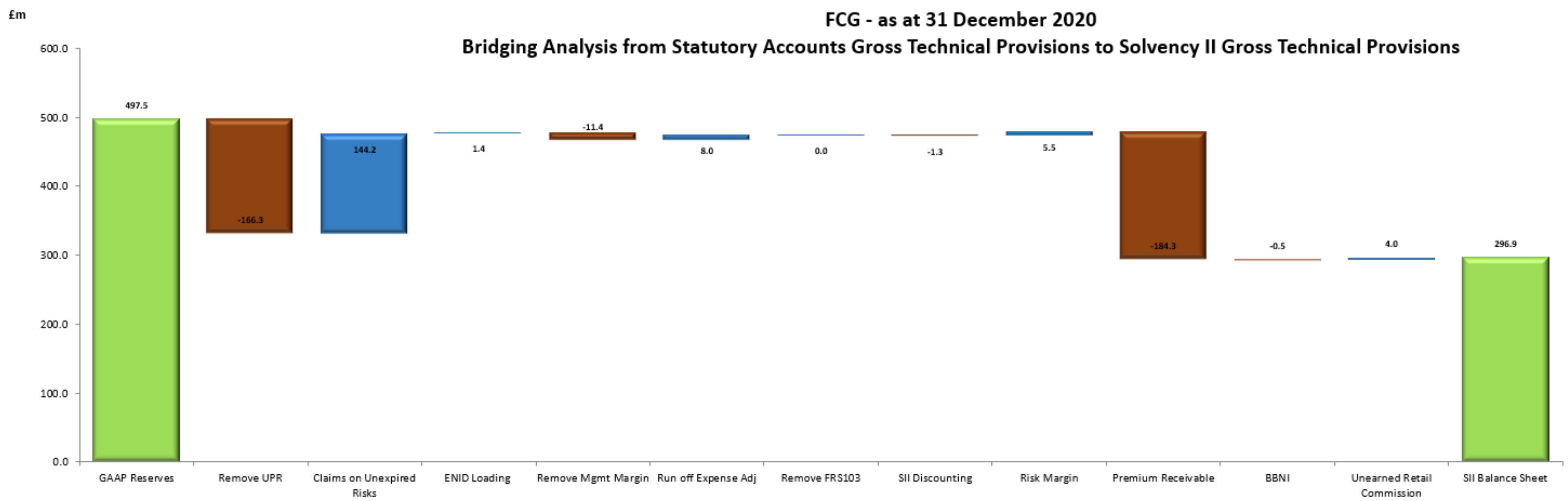
- Run-off provision: Technical provisions for solvency purposes are required to take account of all expenses that will be incurred in servicing insurance obligations. This is commonly referred to as a 'run-off' provision as it therefore considers all future expenses which would be incurred to allow the existing obligations to run-off. FCG has determined an annual servicing cost for servicing bound obligations and has provided for these over the lifetime of the bound obligations, allowing for expected expenses inflation and taking into account future new business. The run-off provision applied by FCG as at 31st December 2020 was £4.3m;

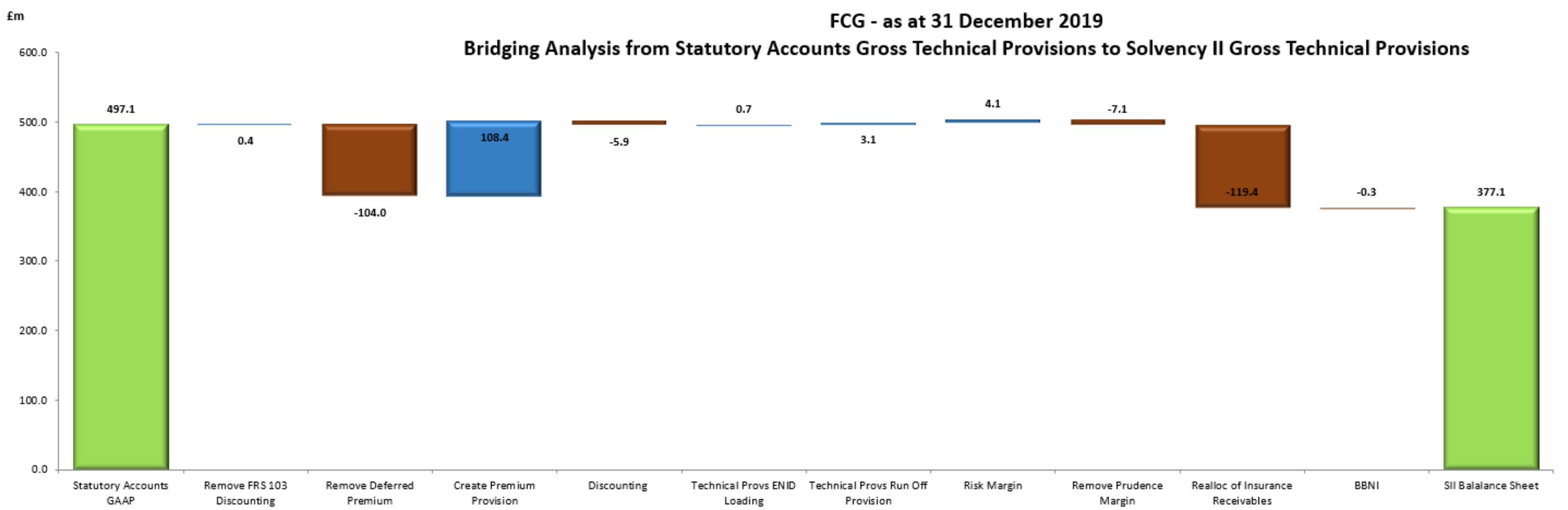
- Discounting: Discounting has been applied in the technical provisions based on the sterling yield curve as at 31st December 2020 as issued by the European Insurance and Occupational Pensions Authority ("EIOPA"). In respect of FCG, the impact of discounting on the gross technical provisions is £5.9m, and on the reinsurance share of technical provisions the impact of discounting is £5.1m; and

- Risk Margin: The risk margin is calculated by forecasting the SCR with simplifications over the duration of the run-off of existing liabilities. Claims are assumed to run-off in line with the cashflows derived for the technical provisions' liability run off. This results in a risk margin of £5.5m in respect of FCG.

FCG has not applied the matching adjustment, volatility adjustment, transitional risk-free interest term structure or the transitional deduction in calculating its technical provisions.

The changes to technical provisions highlighted above are reflected in the waterfall diagram below:





3. Other Liabilities

FCG recorded the following classes of liabilities for solvency purposes:

As at 31st December 2020:

Liability	GAAP Accounts Value (£m)	Solvency Value (£m)	Explanation of Differences
Accruals	10.9	10.9	None
Deferred income	19.9	-	Not recognised for solvency purposes
Reinsurance accounts payable	123.7	-	Reclassified to technical provisions
Other creditors, including corporation tax and IPT	0.0	0.0	None
Derivative liabilities	-	-	None
Deferred tax liability	0	0	None

4. Alternative Methods for Valuation

Not applicable to FCG.

5. Any Other Information

Not applicable to FCG.

F. SICL Valuation for Solvency Purposes

1. Assets

There are no material differences between the methodologies and assumptions used in the valuations for SICL compared to those utilised for FCG.

As at 31st December 2020, SICL held the following assets:

Asset Class	GAAP Accounts Value (£m)	Look Through (£m)	Solvency Valuation Adj. (£m)	Solvency Value (£m)
Investments in properties	0.5	0.0	0.0	0.5
Corporate and government bonds	58.2	(26.3)	0.4	32.3
Collective investment undertakings	12.6	(9.2)	0.0	3.4
Collateralised securities	0.0	0.0	0.0	0.0
Technical provisions – reinsurance share	438.1	36.1	(216.6)	257.6
Insurance and reinsurance receivables	223.3	0.0	(223.3)	0.0
Cash and cash equivalents	22.1	(0.6)	(4.9)	16.6
Financial investments - other loans	14.1	0.0	1.0	15.1
Other assets	6.5	0.0	4.5	11.0
Deferred acquisition costs	13.1	0.0	(13.1)	0.0
Deferred taxation	0.0	0.0	0.0	0.0
Derivatives	0.0	0.0	0.0	0.0
TOTAL	**788.6**	**0.0**	**(452.0)**	**336.6**

As at 31st December 2019, SICL held the following assets:

Asset Class	GAAP Accounts value (£m)	Look Through (£m)	Solvency Value Adj. (£m)	Solvency Value (£m)
Investments in properties	0.5	0.0	0.0	0.5
Corporate and government bonds	56.8	(24.3)	(3.0)	29.5
Collective investment undertakings	5.2	(5.5)	16.8	16.6
Collateralised securities	0.0	0.0	0.0	0.0
Technical provisions – reinsurance share	423.0	32.4	(166.8)	288.6
Insurance and reinsurance receivables	139.5	0.0	(139.5)	0.0
Cash and cash equivalents	20.6	(2.6)	(13.5)	4.5
Financial investments - other loans	5.3	0.0	8.7	14.1
Other assets	18.6	0.0	(4.8)	13.8
Deferred acquisition costs	3.1	0.0	(3.1)	0.0
Deferred taxation	0.0	0.0	0.6	0.6
Derivatives	0.0	0.0	0	0.0
TOTAL	**672.5**	**0.0**	**(304.5)**	**368.0**

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

- Bonds and secured loans: these are quoted instruments in active markets and therefore the market price as at 31st December 2020 has been applied in the GAAP accounts, excluding accrued interest. On the Solvency II balance sheet, the bonds have been valued including accrued interest and the loans have been set at fair value;

- Reinsurance share of unearned premiums: the reinsurance share of unearned premiums reserve comprises the reinsurer's share of the proportion of gross premiums written which is to be earned in the following or subsequent financial years in the GAAP accounts. The unearned premiums are not recognised for solvency purposes, and instead the expected claims arising on the unearned premiums are recorded within the reinsurance share of technical provisions;

- Reinsurance share of claims reserves: the reinsurance share of claims reserves comprises the reinsurer's share of the claims outstanding (including claims which are estimated to have been incurred but not reported) as at 31st December 2020.;

- Prepayments and deferred acquisition costs: on the Solvency II balance sheet these have been valued at nil;

- Deferred tax asset/liability: valued based on the expected tax benefit or expense once the valuation adjustments to transition to solvency valuations unwind; and

- Derivative assets and liabilities: there are no derivative assets or liabilities

2. Technical Provisions

The SICL technical provisions incorporate claims reserves incurred based on earned premiums which consider all reasonably foreseeable estimates. This includes reserves for claims incurred plus a provision for claims Incurred But Not Reported ('IBNR'). SICL also considers any amounts recoverable from reinsurance contracts in respect of its claims reserves and IBNR.

The Solvency 2 technical provisions by line of business are as follows:

31st December 2020:

Line of business	Technical provisions (excluding risk margin) (£m)	Risk margin (£m)	Technical provisions (£m)
Motor vehicle liability insurance	245.2	1.8	247.0
Other motor insurance	(23.1)	0.5	(22.6)
Total	**222.1**	**2.3**	**224.3**

31st December 2019:

Line of business	Technical provisions (excluding risk margin) (£m)	Risk margin (£m)	Technical provisions (£m)
Motor vehicle liability insurance	290.5	1.5	292.0
Other motor insurance	25.8	0.3	26.1
Total	**316.3**	**1.8**	**318.1**

The tables above show that technical provisions have decreased in the year, primarily due to the impacts of COVID-19 on the claims experience throughout 2020.

The key areas of uncertainty around SICL's technical provisions are as follows:

- Estimation of outstanding loss reserves ("OSLR"): while information about claims is generally available, assessing the cost of settling the claim is subject to some uncertainty;

- Estimation of the losses relating to claims which have been incurred but not reported ("IBNR") – this is generally subject to a greater degree of uncertainty than estimating the OSLR since the nature of the claims is not known at the time of reserving;

- Estimation of claims arising on business which has not yet expired ("unexpired risks") this is uncertain as the claims have not yet been incurred but are expected to be incurred on the business which SICL has written;

- Market environment: changes in the market environment increase the inherent uncertainty affecting the business. In particular, there are likely to be on-going impacts from the Coronavirus pandemic on vehicle damage-related claims inflation that are uncertain;

- Events Not In Data ('ENID loading'): estimating a provision for events not in data is subject to considerable uncertainty as the events being reserved have not been observed;

- Run-off expenses: the estimation of the expenses required to run-off of the bound obligations is inherently uncertain due to the estimations around the length of the run-off, base costs and inflation; and

- Risk margin: the risk margin, being the margin payable to transfer the business to another insurance carrier, is uncertain due to the requirement to forecast future solvency capital requirements over the period of a run-off. This therefore shares the same uncertainties of the run-off expenses provision considered at [?], as well as the inherent uncertainties around forecasting future solvency capital requirements.

SICL manages the risks around these uncertainties via the following actions:

- Ongoing monitoring of claims, including regular reviews of claims handling functions;

- Maintaining a number of reinsurance arrangements to limit the impact of adverse claims development;

- Internal controls through the Underwriting Management Meeting and Actuarial Function which monitor claims development and reinsurance arrangements; and

- Regular internal and external actuarial reviews.

The changes required to transition from GAAP accounts to technical provisions for solvency purposes are consistent with FCG and as described in section E.

We shall consider each of the adjustments to transition from GAAP accounts to solvency technical provisions for SICL.

- Claims provisions: The IBNR in SICL's GAAP accounts includes a margin in excess of best estimate which is not included in the Solvency II Best Estimate Liability. Other than removing this margin SICL has made no other adjustments to its claims provisions in its GAAP accounts in recording the claims provisions for solvency purposes. The claims provisions as at 31st December 2020 for SICL were £297.4m (2019: £344.7m);

- Reinsurance share of claims provisions: SICL has made no adjustments to its reinsurance recoveries in its GAAP accounts in recording the reinsurance share of claims provisions for solvency purposes. The reinsurance share of claims provisions as at 31st December 2020 for SICL were £266.7m (2019: £310.4m);

- Unexpired risks: SICL has estimated the claims which will be payable on unexpired risks (termed 'premium provisions') based on the ultimate loss ratios and large loss experience from the claims provisions. SICL has considered whether adjustments may be required as a result of contract boundaries and decided to include a provision for bound but not incepted risks. The gross premium provisions as at 31st December 2020 for SICL were £144.2m (2019: £109.5m);

- Reinsurance share of unexpired risks: SICL has estimated the amounts recoverable on unexpired risks (sometimes termed 'premium provisions') based on the ultimate loss ratios and large loss experience from the claims provisions, including the reinsurance share of the bound but not incepted risks. The reinsurance share of gross premium provisions as at 31st December 2020 for SICL were £112.5m (2019: £99.7m);

- Intermediary and policyholder receivables: Intermediary and policyholder receivables are netted off the technical provisions for solvency purposes. There are no valuation differences between GAAP accounts and intermediary and policyholder receivables for solvency purposes. The insurance receivables as at 31st December 2020 for SICL were £213.2m (2019: £135.3m);

- Reinsurance payables: Net amounts payable to reinsurers are netted off the reinsurance recoveries for solvency purposes. There are no valuation differences between GAAP accounts and net reinsurance payables for solvency purposes. The net reinsurance payables (being reinsurance payables less financial investments held for collateral arrangements) of SICL as at 31st December 2020 were £192.5m (2019: £115.9m);

- Events Not in Data loading: Technical provisions for solvency purposes are required to allow for all possible events, including those that may not have been historically realised before. Such events not presented in a set of observable historical loss data are often called Events Not In Data ('ENID'). This is a difference in valuation methodology compared to the GAAP accounts that considers estimates which can be reasonably foreseen, and therefore leads to a loading on the technical provisions to consider the probability weighted effect of events which have not previously been observed. SICL has undertaken an analysis on the changes in both gross and net provisions following a number of different possible scenarios, considering both positive and negative outcomes. This has then been adjusted following scenario analysis which considered both positive and negative outcomes. As such, the ENID loading applied by SICL as at 31st December 2020 was £1.4m (2019: £0.4m);

- Counterparty default provision – SICL has considered a provision for default by one or more of its reinsurance providers. The provision is based on the total exposure to the counterparty, the rating of the counterparty and the existence of any collateral arrangements with the counterparty. SICL estimates the counterparty default provision and considers each of the exposures, net of collateral arrangements in existence, applies the estimated probability of default by rating, and derives a weighted average probability of default. SICL's exposures are from reinsurers with a rating of A- and above and from Skyfire Reinsurance Company Limited which is unrated and so any weighted averages will be skewed by the proportion of exposures relating to Skyfire Reinsurance Company Limited. SICL has calculated the weighted average probability of default of reinsurers as 0.02% (2019: 0.03%), and thus the counterparty default adjustment is £0.1m (2019: £0.1m);

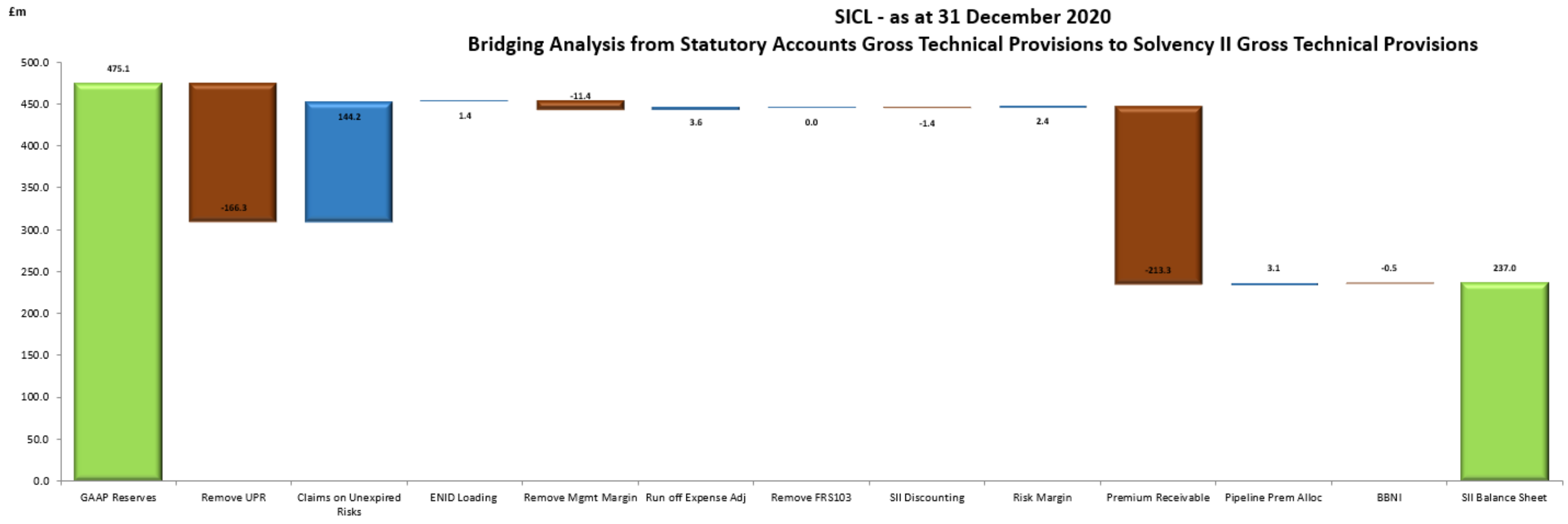
- Run-off provision: Technical provisions for solvency purposes are required to take account of all expenses that will be incurred in servicing insurance obligations. This is commonly referred to as a 'run-off' provision as it therefore considers all future expenses which would be incurred to allow the existing obligations to run-off. SICL has determined an annual servicing cost for servicing bound obligations and has provided for these over the lifetime of the bound obligations, allowing for expected expenses inflation and taking into account future new business. The run-off provision applied by SICL as at 31st December 2020 was £3.6m (2019: £2.5m);

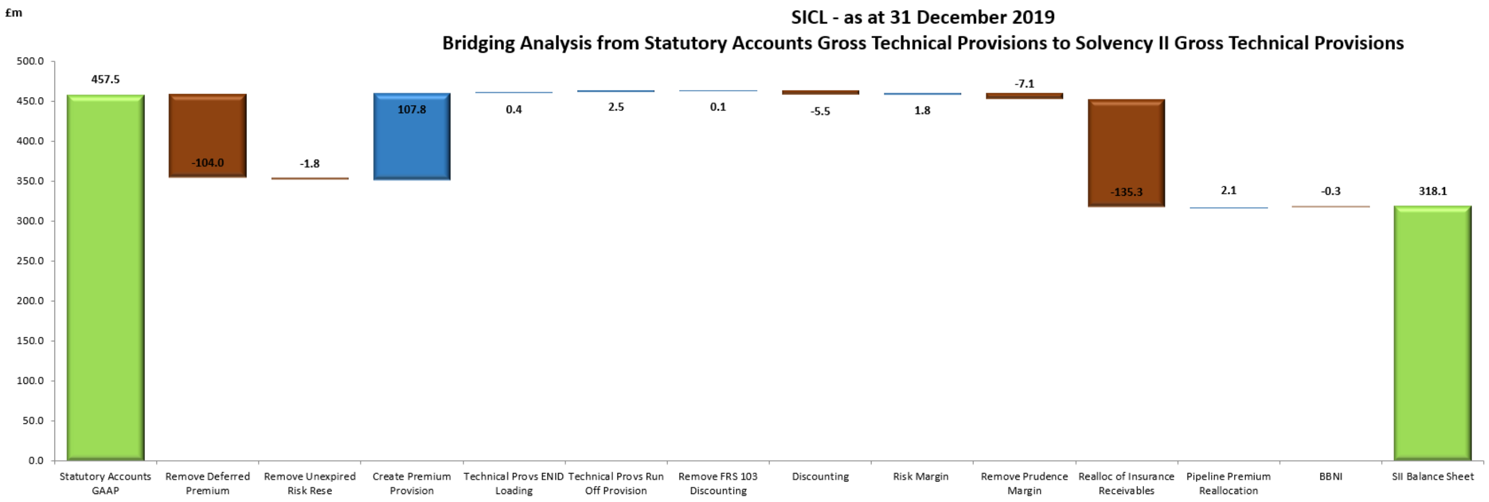
- Discounting – Discounting has been applied in the technical provisions, based on the sterling yield curve as at 31st December 2020 as issued by the European Insurance and Occupational Pensions Authority ("EIOPA"). In respect of SICL, the impact of discounting on the gross technical provisions is £1.4m (2019: £6.1m), and on the reinsurance share of technical provisions the impact of discounting is £0.1m (2019: £5.7m); and

- Risk Margin – The risk margin is calculated by forecasting the SCR with simplifications over the duration of the run-off of existing liabilities. Claims are assumed to run-off in line with the cashflows derived for the technical provisions' liability run off. This results in a risk margin of £2.4m (2019: £1.8m) in respect of SICL.

SICL has not applied the matching adjustment, volatility adjustment, transitional risk-free interest term structure or the transitional deduction in calculating its technical provisions.

The changes to the technical provisions highlighted above are reflected in the waterfall diagram below:





3. Other Liabilities

SICL recorded the following classes of liabilities for solvency purposes:

As at 31st December 2020:

Liability	GAAP Accounts Value (£m)	Solvency Value (£m)	Explanation of Differences
Accruals	1.7	1.7	None
Deferred income	0.0	-	Not recognised for solvency purposes
Reinsurance accounts payable	192.5	-	Reclassified to technical provisions (see [2.5.7])
Other creditors, including corporation tax and IPT	21.7	21.7	None
Derivative liabilities	-	-	None
Deferred Tax liability	0.0	0.73	Only recognised in Solvency II

4. Alternative Methods for Valuation

Not applicable to SICL.

5. Any Other Information

Not applicable to SICL.

G. FCG Capital Management

1. Own Funds

Articles 230 and 233 of the Solvency II Directive prescribe that one of the following methods, or a combination must be used to calculate own funds for Group solvency:

- Method 1: Standard method based on Consolidation of financial statements; or
- Method 2: Alternative method based on a deduction and aggregation approach.

FCG applies the following methods by undertaking for the calculation of Group solvency:

Legal name of undertaking	Method used for group solvency calculation
Skyfire Insurance Company Ltd	1
First Central Insurance Management Ltd	1
Skyfire Reinsurance Company Ltd	1
First Central Services (UK) Limited	1
1ST CENTRAL Law Ltd	2
First Central Services (Guernsey) Limited	1
Skyfire Property Holdings PCC Ltd	1
First Central Group Ltd	1
Skyfire Property Company Limited	1

FCG classifies its own funds as tier 1, tier 2 or tier 3 depending on the characteristics of the capital. Tier 1 capital is the best form of capital for the purposes of absorbing losses. FCG's own funds for 31st December 2020 and 31st December 2019 are as follows:

		31st December 2020	
Own fund item	Tier	£m	%
Share capital and share premium	1	1.6	1.4
Reconciliation reserve	1	90.7	78.7
Subordinated debt	2	18.0	15.6
Deferred tax asset	3	5.1	4.4
		115.3	100.0

		31st December 2019	
Own fund item	Tier	£m	%
Share capital and share premium	1	4.9	6.2
Reconciliation reserve	1	50.5	63.9
Subordinated debt	2	17.9	22.8
Deferred tax asset	3	5.3	6.7
		78.6	100

The reconciliation reserve represents retained earnings and reconciliation adjustments from GAAP balance sheet to SII balance sheet.

Deferred tax asset within Solvency II is recognised as tier 3 capital.

Only FCG's tier 1 own funds may be used towards meeting the Minimum Capital Requirement.

2. Solvency Capital Requirements ('SCR') & Minimum Capital Requirements ('MCR')

The SCR of FCG as at 31st December 2020 was £56.3m (2019: £47.1m); its MCR as at 31st December 2020 was £15.0m (2019: £11.8m).

The final solvency capital requirement of FCG is the aggregation of the market, counterparty and non-life underwriting risks, less a credit for diversification, and then an additional charge to represent the operational risks faced by FCG.

The diversification is defined within the standard formula calculation and reflects the fact that the individual risk types are not 100% correlated and therefore a 1-in-200 shock on the balance sheet is less than the sum of a 1-in-200 shock for the individual risk type.

SOLVENCY CAPITAL REQUIREMENT	31st December 2020 £m	31st December 2019 £m
Market risks	14.1	12.4
Counterparty risks	10.4	8.4
Non-life underwriting risks	35.9	25.7
Life underwriting risks	0.1	0.1
Basic SCR diversification	(12.6)	(10.4)
Operational risks	8.4	10.9
SOLVENCY CAPITAL REQUIREMENT	**56.3**	**47.1**

The SCR of FCG is made up as follows:

FCG is exposed to market risks derived predominately from the assets held by FCG to meet its insurance liabilities, although exposures to shocks in interest rates and currency rates are also considered in the exposure from underwriting risks.

MARKET RISK	31st December 2020 £m	31st December 2019 £m
Interest rate risk	0.0	0.7
Spread risk	2.6	2.8
Equity risk	1.2	1.5
Currency risk	4.8	4.5
Property risk	3.4	3.8
Concentration risk	10.9	7.8
Market risk diversification	(8.8)	(8.8)
MARKET RISK TOTAL	**14.1**	**12.4**

FCG is exposed to counterparty risks in the form of cash deposits and recoveries from reinsurers (type 1) and from receivables from intermediaries, policyholders and other debtors (type 2). FCG considers all intermediary receivables are within credit terms and so Type 2 risk is assessed as nil.

COUNTERPARTY RISK	31st December 2020 £m	31st December 2019 £m
Type 1 risk	10.4	6.5
Type 2 risk	0.0	2.3
Market risk diversification	0.0	(0.4)
COUNTERPARTY RISK TOTAL	**10.4**	**8.4**

FCG is exposed to non-life underwriting risk as a result of the insurance policies it sells. The risks are based on volatility around earned premiums and claims reserves, and to catastrophe events to which FCG may be exposed.

NON-LIFE UNDERWRITING RISK	31st December 2020 £m	31st December 2019 £m
Premium and reserve risk	35.3	25.3
Catastrophe risk	2.2	1.4
Lapse risk	0	0
Non-life diversification	(1.6)	(1.0)
NON-LIFE UNDERWRITING RISK TOTAL	**35.9**	**25.7**

FCG has utilised simplified calculations in applying the standard model for lapse risk only and there has been no use of undertaking specific parameters in the non-life underwriting risk calculations.

FCG is exposed to life underwriting risk as a result of the settled periodic payment orders (PPOs). At 31st December 2020 the gross technical provisions associated with PPOs totalled £12.8m (or 4.5% of total reserves).

The life underwriting risk in respect of FCG is immaterial.

The inputs used to calculate the MCR of FCG are as follows:

Line of business	Net (of reinsurance) best estimate and technical provisions calculated as a whole (£m)	Net (of reinsurance) written premiums in the last 12 months (£m)
Motor vehicle liability insurance	41.3	60.8
Other motor insurance	(8.9)	21.1

The duration-based equity sub-module has not been used in the calculation of the SCR for FCG.

3. Non-Compliance with the MCR and Non-Compliance with the SCR

FCG has maintained capital sufficient to meet its minimum capital requirement throughout the period covered by this report.

FCG met its solvency capital requirement throughout the years ended 31st December 2019 and 31st December 2020.

First Central
Insurance & Technology Group

4. Any Other Information

During March 2021, the Group entered into mediation with its insurer to reach a final settlement in respect to the insurance claim relating to a fire at Central House (a property owned by SPH PCC) in 2018. As a result, an agreement was reached for the insurer to pay the Company £3.1m to fully settle this insurance claim. This insurance recovery is treated as an adjusting event since the circumstances leading to this settlement were in existence at 31st December 2020. Consequently, the insurance recovery of £3.1m is recognised on the Consolidated Statement of Financial Position at 31st December 2020. In addition to the insurance recovery being recognised at 31st December 2020, the fair value of the property was written down by £1.9m in the Consolidated Statement of Financial Position at 31st December 2020. This reflects the independent valuation of £6.4m undertaken in 2020 on the basis that the property was restored to its pre-fire condition.

In addition, the Group has exchanged contracts in Q2 2021 to sell the property for £3.95m. This will result in a gain of £0.7m which will be recognised in the 2021 accounting period, when the transaction completes.

H. SICL Capital Management

1. Own Funds

SICL classifies its own funds as tier 1, tier 2 or tier 3 depending on the characteristics of the capital. Tier 1 capital is the best form of capital for the purposes of absorbing losses.

SICL's own funds as at 31st December 2020 and 31 December 2019 are as follows.

		31st December 2020	
Own fund item	**Tier**	**£m**	**%**
Share capital and share premium	1	19.3	25.5
Reconciliation reserve	1	56.2	74.5
Deferred tax asset	3	0	0
		75.4	100.0

		31st December 2019	
Own fund item	**Tier**	**£m**	**%**
Share capital and share premium	1	19.1	49.0
Reconciliation reserve	1	19.2	49.2
Deferred tax asset	3	0.6	1.8
		39.0	100.0

The reconciliation reserve represents retained earnings and reconciliation adjustments from GAAP balance sheet to SII balance sheet. Deferred tax asset within Solvency II is recognised as tier 3 capital.

Only SICL's tier 1 own funds may be used towards meeting the Minimum Capital Requirement.

2. Solvency Capital Requirements ('SCR') & Minimum Capital Requirements ('MCR')

The SCR of SICL as at 31st December 2020 was £26.3m (2019: £21.0m); its MCR as at 31st December 2020 was £6.6m (2019: £5.3m).

The final solvency capital requirement of SICL is the aggregation of the market, counterparty and non-life underwriting risks, less a credit for diversification, and then an additional charge to represent the operational risks faced by SICL.

Solvency capital requirement	**31st December 2020 £m**	**31st December 2019 £m**
Market risks	8.3	6.7
Counterparty risks	5.7	5.4
Non-life underwriting risks	12.6	9.4
Life underwriting risks	0.1	0.1
Basic SCR diversification	-6.5	(5.4)
Operational risks	6.1	4.9
SOLVENCY CAPITAL REQUIREMENT	**26.3**	**21.0**

SICL is exposed to market risks derived predominately from the assets held by SICL to meet its insurance liabilities, although exposures to shocks in interest rates and currency rates are also considered in the exposure from underwriting risks.

Market risks	**31st December 2020 £m**	**31st December 2019 £m**
Interest rate risk	0.4	0.8
Spread risk	1.7	2.0
Equity risk	1.6	1.0
Currency risk	0.0	0.0
Property risk	0.7	0.5
Concentration risk	7.5	5.8
Market risk diversification	(3.6)	(3.4)
MARKET RISK TOTAL	**8.3**	**6.7**

SICL is exposed to counterparty risks in the form of cash deposits and recoveries from reinsurers (type 1) and from receivables from intermediaries, policyholders and other debtors (type 2). SICL considers all intermediary receivables are within credit terms and so Type 2 risk is assessed as nil.

Counterparty risks	**31st December 2020 £m**	**31st December 2019**
Type 1 risk	5.7	5.4
Type 2 risk	0.0	0.0
Market risk diversification	0.0	0.0
COUNTERPARTY RISK TOTAL	**5.7**	**5.4**

SICL is exposed to non-life underwriting risk as a result of the insurance policies it sells. The risks are based on volatility around earned premiums and claims reserves, and to catastrophe events to which SICL may be exposed.

Non-life underwriting risks	**31st December 2020 £m**	**31st December 2019 £m**
Premium and reserve risk	10.9	8.5
Catastrophe risk	2.2	2.2
Lapse risk	4.8	0.0
Non-life diversification	(5.3)	(1.4)
NON-LIFE UNDERWRITING RISK TOTAL	**12.6**	**9.4**

SICL has used a simplification for lapse risk in applying the standard formula but no further simplifications have been used. There has been no use of undertaking specific parameters in the non-life underwriting risk calculations.

The non-life diversification is defined within the standard formula calculation and reflects the fact that the individual non-life risk types are not 100% correlated and therefore a 1-in-200 shock on total non-life underwriting risk is significantly less than the sum of 1-in-200 shocks for the individual non-life sub-risk types.

SICL is exposed to life underwriting risk as a result of both the settled periodic payment orders (PPOs) and the propensity for other large claims to settle as PPOs. At 31st December 2020 the gross technical provisions associated with PPOs totalled £12.7m (or 5.6% of total reserves).

The life underwriting risk in respect of SICL is immaterial.

Life underwriting risks	**31st December 2020 £m**	**31st December 2019 £m**
Longevity risk	0.1	0.1
Expense risk	0.0	0.0
Revision risk	0.0	0.0
Life diversification	0.0	0.0
LIFE UNDERWRITING RISK TOTAL	**0.1**	**0.1**

The inputs used to calculate the MCR of SICL are as follows:

Line of business	**Net (of reinsurance) written premiums in the last 12 months (£m)**
Motor vehicle liability insurance	6.2
Other motor insurance	2.2

The duration-based equity sub-module has not been used in the calculation of the SCR for SICL.

3. Non-Compliance with the MCR and Non-Compliance with the SCR

SICL has maintained capital sufficient to meet its minimum capital requirement throughout the period covered by this report.

SICL met its solvency capital requirement throughout the years ended 31st December 2019 and 31st December 2020

4. Any Other Information

On 30th September 2020 the Board approved the Liability Transfer of EICL's co-insured net claims reserves to SICL in respect of the period where EICL provided coinsurance capacity to SICL. SRCL has provided Quota Share reinsurance to EICL as well as a Stop Loss arrangement in relation to EICL's coinsurance exposure. These reinsurance arrangements with EICL will be unwound as part of the

Liability Transfer with SRCL providing the same level of reinsurance protection to SICL. EICL are holding £14m in a Funds Withheld Account at the Statement of Financial Position date and these funds will be paid to SRCL when the Liability Transfer completes. The Liability Transfer is expected to complete by 31st May 2021.

I. Glossary

Acronym	Description	Acronym	Description
1CL	1ST CENTRAL Law	L/R	Loss Ratio
ADAS	Advanced Driver Assistance Systems	LPT	Loss Portfolio Transfer
ADC	Adverse Development Cover	MCR	Minimum Capital Requirement
ARCGC	SICL Audit, Risk & Corporate Governance Committee	MI	Management Information
CPP	Cost Per Policy	PBT	Profit Before Tax
ECR	Economic Capital Requirement	PIF	Policies in Force
EICL	Evolution Insurance Company Limited	PPO	Periodic Payment Order
ENID	Events Not in Data	QRTs	Quantitative Reporting Templates
FCA	Financial Conduct Authority	QS	Quota Share
FCG	First Central Group	ROE	Return on Equity
FCIM	First Central Insurance Management	RRS	Robus Risk Services
FCSG	First Central Services (Guernsey) Limited	SCR	Solvency Capital Requirement
FCS UK	First Central Services (UK) Limited	SICL	Skyfire Insurance Company Limited
GAC	Group Audit Committee	SII	Solvency II
GDPR	General Data Protection Regulation	SPCL	Skyfire Property Company Limited
GEP	Gross Earned Premium	SPH PCC	Skyfire Property Holdings PCC Limited
GIC	Group Investment Committee	SRCL	Skyfire Reinsurance Company Limited
GRAS	Group Risk Appetite Statement	SRP	Solvency Remediation Plan
GRC	Group Reserving Committee	ULR	Ultimate Loss Ratio
GWP	Gross Written Premium	USP	Unique Selling Proposition
KPI	Key Performance Indicators	USPars	Undertaking Specific Parameters
KRI	Key Risk Indicators	XOL	Excess of Loss

J. FCG Quantitative Reporting Templates

See Attached

Solo & Group

G.02.01.02 - Balance sheet

Contents

Tabular
Microsoft Excel -based Solvency II reporting solution

		Solvency II value
	Assets	C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	5,061
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	2,394
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	106,878
R0080	Property (other than for own use)	7,840
R0090	Holdings in related undertakings, including participations	0
R0100	Equities	0
R0110	Equities - listed	0
R0120	Equities - unlisted	0
R0130	Bonds	61,331
R0140	Government Bonds	61,331
R0150	Corporate Bonds	0
R0160	Structured notes	0
R0170	Collateralised securities	0
R0180	Collective Investments Undertakings	37,707
R0190	Derivatives	0
R0200	Deposits other than cash equivalents	0
R0210	Other investments	0
R0220	Assets held for index-linked and unit-linked contracts	0
R0230	Loans and mortgages	24,153
R0240	Loans on policies	0
R0250	Loans and mortgages to individuals	6,531
R0260	Other loans and mortgages	17,621
R0270	Reinsurance recoverables from:	259,052
R0280	Non-life and health similar to non-life	246,403
R0290	Non-life excluding health	246,403
R0300	Health similar to non-life	0
R0310	Life and health similar to life, excluding health and index-linked and unit-linked	12,649
R0320	Health similar to life	0
R0330	Life excluding health and index-linked and unit-linked	12,649
R0340	Life index-linked and unit-linked	0
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	4,787
R0370	Reinsurance receivables	0
R0380	Receivables (trade, not insurance)	0
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	47,848
R0420	Any other assets, not elsewhere shown	11,575
R0500	**Total assets**	461,748

		Solvency II value
		C0010
	Liabilities	
R0510	Technical provisions – non-life	284,105
R0520	Technical provisions – non-life (excluding health)	284,105
R0530	TP calculated as a whole	0
R0540	Best Estimate	278,849
R0550	Risk margin	5,256
R0560	Technical provisions - health (similar to non-life)	0
R0570	TP calculated as a whole	0
R0580	Best Estimate	0
R0590	Risk margin	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	12,784
R0610	Technical provisions - health (similar to life)	12,784
R0620	TP calculated as a whole	0
R0630	Best Estimate	12,548
R0640	Risk margin	237
R0650	Technical provisions – life (excluding health and index-linked and unit-linked)	0
R0660	TP calculated as a whole	0
R0670	Best Estimate	0
R0680	Risk margin	0
R0690	Technical provisions – index-linked and unit-linked	0
R0700	TP calculated as a whole	0
R0710	Best Estimate	0
R0720	Risk margin	0
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	0
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	0
R0790	Derivatives	0
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	0
R0830	Reinsurance payables	0
R0840	Payables (trade, not insurance)	49,509
R0850	Subordinated liabilities	17,969
R0860	Subordinated liabilities not in Basic Own Funds	0
R0870	Subordinated liabilities in Basic Own Funds	17,969
R0880	Any other liabilities, not elsewhere shown	0
R0900	**Total liabilities**	364,367
R1000	**Excess of assets over liabilities**	97,381

S.05.01.02.01 - Premiums, claims and expenses by line of business - Table 1

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of Business for:accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business	0	0	0	222,850	65,256	0	0	0	0	0	0	0					288,105
R0120	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0					0
R0130	Gross - Non-proportional reinsurance accepted													0	0	0	0	0
R0140	Reinsurers' share	0	0	0	164,864	48,276	0	0	0	0	0	0	0	0	0	0	0	213,141
R0200	Net	0	0	0	57,985	16,980	0	0	0	0	0	0	0	0	0	0	0	74,965
	Premiums earned																	
R0210	Gross - Direct Business	0	0	0	177,789	52,061	0	0	0	0	0	0	0					229,850
R0220	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0					0
R0230	Gross - Non-proportional reinsurance accepted													0	0	0	0	0
R0240	Reinsurers' share	0	0	0	151,997	44,509	0	0	0	0	0	0	0	0	0	0	0	196,506
R0300	Net	0	0	0	25,792	7,553	0	0	0	0	0	0	0	0	0	0	0	33,345
	Claims incurred																	
R0310	Gross - Direct Business	0	0	0	101,226	29,642	0	0	0	0	0	0	0					130,868
R0320	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0					0
R0330	Gross - Non-proportional reinsurance accepted													0	0	0	0	0
R0340	Reinsurers' share	0	0	0	62,409	18,275	0	0	0	0	0	0	0	0	0	0	0	80,684
R0400	Net	0	0	0	38,817	11,367	0	0	0	0	0	0	0	0	0	0	0	50,183
	Changes in other technical provisions																	
R0410	Gross - Direct Business	0	0	0	0	0	0	0	0	0	0	0	0					0
R0420	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0					0
R0430	Gross - Non- proportional reinsurance accepted													0	0	0	0	0
R0440	Reinsurers'share	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0500	Net	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0550	**Expenses incurred**	0	0	0	49,701	14,554	0	0	0	0	0	0	0	0	0	0	0	64,254
R1200	**Other expenses**																	0
R1300	**Total expenses**																	64,254

G.05.01.02.02 - Premiums, claims and expenses by line of business - Table 2

Contents

Tabular
Microsoft Excel-based Solvency II reporting solution

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

G.05.02.01 - Premiums, claims and expenses by country

Contents

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
R0010			GB	0	0	0	0	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	0	288,105	0	0	0	0	288,105
R0120	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0130	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0140	Reinsurers' share	0	213,141	0	0	0	0	213,141
R0200	Net	0	74,965	0	0	0	0	74,965
	Premiums earned							
R0210	Gross - Direct Business	0	229,850	0	0	0	0	229,850
R0220	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0230	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0240	Reinsurers' share	0	196,506	0	0	0	0	196,506
R0300	Net	0	33,345	0	0	0	0	33,345
	Claims incurred							
R0310	Gross - Direct Business	0	130,868	0	0	0	0	130,868
R0320	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0330	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0340	Reinsurers' share	0	80,684	0	0	0	0	80,684
R0400	Net	0	50,183	0	0	0	0	50,183
	Changes in other technical provisions							
R0410	Gross - Direct Business	0	0	0	0	0	0	0
R0420	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0430	Gross - Non- proportional reinsurance accepted	0	0	0	0	0	0	0
R0440	Reinsurers'share	0	0	0	0	0	0	0
R0500	Net	0	0	0	0	0	0	0
R0550	**Expenses incurred**	0	64,254	0	0	0	0	64,254
R1200	**Other expenses**							0
R1300	**Total expenses**							64,254

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

G.23.01.22 - Own funds

Contents

Tabular

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
	Basic own funds before deduction for participations in other financial sector					
R0010	Ordinary share capital (gross of own shares)	1	1		0	
R0020	Non-available called but not paid in ordinary share capital at group level	0	0		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0060	Non-available subordinated mutual member accounts at group level	0		0	0	0
R0070	Surplus funds	0	0			
R0080	Non-available surplus funds at group level	0	0			
R0090	Preference shares	1,612		1,612	0	0
R0100	Non-available preference shares at group level	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0120	Non-available share premium account related to preference shares at group level	0		0	0	0
R0130	Reconciliation reserve	90,706	90,706			
R0140	Subordinated liabilities	17,969		0	17,969	0
R0150	Non-available subordinated liabilities at group level	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	5,061				5,061
R0170	The amount equal to the value of net deferred tax assets not available at the group level	0				0
R0180	Other items approved by supervisory authority as basic own funds not specified above	0	0	0	0	0
R0190	Non available own funds related to other own funds items approved by supervisory authority	0	0	0	0	0
R0200	Minority interests (if not reported as part of a specific own fund item)	0	0	0	0	0
R0210	Non-available minority interests at group level	0	0	0	0	0
	Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
R0220	Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	0				
	Deductions					
R0230	Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	0	0	0	0	0
R0240	whereof deducted according to art 228 of the Directive 2009/138/EC	0	0	0	0	
R0250	Deductions for participations where there is non-availability of information (Article 229)	0	0	0	0	0
R0260	Deduction for participations included by using D&A when a combination of methods is used	0	0	0	0	0
R0270	Total of non-available own fund items	0	0	0	0	0
R0280	**Total deductions**	0	0	0	0	0
R0290	**Total basic own funds after deductions**	115,350	90,708	1,612	17,969	5,061
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0			0	
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0			0	
R0320	Unpaid and uncalled preference shares callable on demand	0			0	0
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0			0	0
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0			0	
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0			0	0
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	0
R0380	Non available ancillary own funds at group level	0			0	0
R0390	Other ancillary own funds	0			0	0
R0400	**Total ancillary own funds**	0			0	0
	Own funds of other financial sectors					
R0410	Credit institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies – total	0	0	0	0	
R0420	Institutions for occupational retirement provision	0	0	0	0	0
R0430	Non regulated entities carrying out financial activities	0	0	0	0	
R0440	Total own funds of other financial sectors	0	0	0	0	0
	Own funds when using the D&A, exclusively or in combination of method 1					
R0450	Own funds aggregated when using the D&A and combination of method	0	0	0	0	0
R0460	Own funds aggregated when using the D&A and a combination of method net of IGT	0	0	0	0	0
R0520	Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	115,350	90,708	1,612	17,969	5,061
R0530	Total available own funds to meet the minimum consolidated group SCR	110,289	90,708	1,612	17,969	
R0560	Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the	115,350	90,708	1,612	17,969	5,061
R0570	Total eligible own funds to meet the minimum consolidated group SCR	95,134	90,708	1,612	2,814	
	Consolidated Group SCR					
R0610	**Minimum consolidated Group SCR**	14,071				
R0630	**Ratio of Eligible own funds to the consolidated Group SCR (excluding other financial sectors and the undertakings included via D&A)**					
R0650	**Ratio of Eligible own funds to Minimum Consolidated Group SCR**	6.7612				
R0660	**Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)**	115,350	90,708	1,612	17,969	5,061
R0670	**SCR for entities included with D&A method**					
R0680	**Group SCR**	56,282				
R0690	**Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A**	2.0495				

		C0060
	Reconciliation reserve	
R0700	Excess of assets over liabilities	97,381
R0710	Own shares (held directly and indirectly)	0
R0720	Forseeable dividends, distributions and charges	0
R0730	Other basic own fund items	6,674
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0750	Other non available own funds	0
R0760	**Reconciliation reserve before deduction for participations**	90,706
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	0
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	0
R0790	**Total Expected profits included in future premiums (EPIFP)**	0

G.25.01.22 - Solvency Capital Requirement - for undertakings on Standard Formula

Contents

Tabular

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	14,057		
R0020	Counterparty default risk	10,350		
R0030	Life underwriting risk	129		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	35,887		
R0060	Diversification	-12,563		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	47,860		

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	8,422
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	0
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency capital requirement excluding capital add-on**	56,282
R0210	Capital add-on already set	0
R0220	**Solvency capital requirement**	56,282
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0
R0470	Minimum consolidated group solvency capital requirement	14,071
	Information on other entities	
R0500	Capital requirement for other financial sectors (Non-insurance capital requirements)	0
R0510	Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	0
R0520	Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	0
R0530	Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non- regulated entities carrying out financial activities	0
R0540	Capital requirement for non-controlled participation requirements	0
R0550	Capital requirement for residual undertakings	0
	Overall SCR	
R0560	SCR for undertakings included via D and A	0
R0570	**Solvency capital requirement**	56,282

First Central Insurance & Technology Group

skyfire INSURANCE

G.32.01.22 - Undertakings in the scope of the group

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	Criteria of influence: % capital share	Criteria of influence: % used for the establishment of consolidated accounts	Criteria of influence: % voting rights	Criteria of influence: Other criteria	Criteria of influence: Level of influence	Criteria of influence: Proportional share used for group solvency calculation	Inclusion in the scope of Group supervision: YES/NO	Inclusion in the scope of Group supervision: Date of decision if art. 214 is applied	Group solvency calculation: Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GI	213800Y5XIR6CQ9RCD68	LEI	Skyfire Insurance Company Ltd	2	limited company	2	Financial Services Co	100.0000	100.0000			1	100.0000	1		1
GB	FCIM	SC	First Central Insurance Management Ltd	10	limited company	2		100.0000	100.0000			1	100.0000	1		1
GG	2138003D5X4M4TJ2OF21	LEI	Skyfire Reinsurance Company Ltd	3	limited company	2	Financial Services Co	100.0000	100.0000			1	100.0000	1		1
GB	FCSUK	SC	First Central Services (UK) Limited	10	limited company	2		100.0000	100.0000			1	100.0000	1		1
GB	1CL	SC	1st Central Law Ltd	10	limited company	2		75.0000	75.0000			2	75.0000	1		2
GG	FCF	SC	1st Central Finance Ltd	11	limited company	2		100.0000	100.0000			1	100.0000	1		1
GG	PCC	SC	Skyfire Property Holdings PCC Ltd	99	limited company	2		100.0000	100.0000			1	100.0000	1		1
GG	FCG	SC	First Central Group Ltd	5	limited company	2								1		1
GI	SPCL	SC	Skyfire Property Company Limited	99	limited company	2		100.0000	100.0000			1	100.0000	1		1

K. **SICL Quantitative Reporting Templates**

See Attached

P.02.01.02 - Balance sheet

Contents

Tabular
Microsoft Excel -based Solvency II reporting solution

		Solvency II value
	Assets	C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	0
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	10
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	43,414
R0080	Property (other than for own use)	500
R0090	Holdings in related undertakings, including participations	0
R0100	Equities	7,195
R0110	Equities - listed	0
R0120	Equities - unlisted	7,195
R0130	Bonds	32,306
R0140	Government Bonds	32,306
R0150	Corporate Bonds	0
R0160	Structured notes	0
R0170	Collateralised securities	0
R0180	Collective Investments Undertakings	3,413
R0190	Derivatives	0
R0200	Deposits other than cash equivalents	0
R0210	Other investments	0
R0220	Assets held for index-linked and unit-linked contracts	0
R0230	Loans and mortgages	15,117
R0240	Loans on policies	0
R0250	Loans and mortgages to individuals	0
R0260	Other loans and mortgages	15,117
R0270	Reinsurance recoverables from:	257,640
R0280	Non-life and health similar to non-life	244,991
R0290	Non-life excluding health	244,991
R0300	Health similar to non-life	0
R0310	Life and health similar to life, excluding health and index-linked and unit-linked	12,649
R0320	Health similar to life	0
R0330	Life excluding health and index-linked and unit-linked	12,649
R0340	Life index-linked and unit-linked	0
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	0
R0370	Reinsurance receivables	0
R0380	Receivables (trade, not insurance)	0
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	16,574
R0420	Any other assets, not elsewhere shown	3,838
R0500	**Total assets**	336,593
		Solvency II value

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions – non-life	224,349
R0520	Technical provisions – non-life (excluding health)	224,349
R0530	TP calculated as a whole	0
R0540	Best Estimate	222,073
R0550	Risk margin	2,276
R0560	Technical provisions - health (similar to non-life)	0
R0570	TP calculated as a whole	0
R0580	Best Estimate	0
R0590	Risk margin	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	12,676
R0610	Technical provisions - health (similar to life)	0
R0620	TP calculated as a whole	0
R0630	Best Estimate	0
R0640	Risk margin	0
R0650	Technical provisions – life (excluding health and index-linked and unit-linked)	12,676
R0660	TP calculated as a whole	0
R0670	Best Estimate	12,548
R0680	Risk margin	129
R0690	Technical provisions – index-linked and unit-linked	0
R0700	TP calculated as a whole	0
R0710	Best Estimate	0
R0720	Risk margin	0
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	0
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	729
R0790	Derivatives	0
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	0
R0830	Reinsurance payables	0
R0840	Payables (trade, not insurance)	23,411
R0850	Subordinated liabilities	0
R0860	Subordinated liabilities not in Basic Own Funds	0
R0870	Subordinated liabilities in Basic Own Funds	0
R0880	Any other liabilities, not elsewhere shown	0
R0900	**Total liabilities**	261,166
R1000	**Excess of assets over liabilities**	75,427

P.05.01.02.01 - Premiums, claims and expenses by line of business - Table 1

Contents

Tabular

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of Business for:accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business	0	0	0	227,505	66,619	0	0	0	0	0	0	0					294,124
R0120	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0					0
R0130	Gross - Non-proportional reinsurance accepted													0	0	0	0	0
R0140	Reinsurers' share	0	0	0	221,018	64,720	0	0	0	0	0	0	0	0	0	0	0	285,738
R0200	Net	0	0	0	6,487	1,899	0	0	0	0	0	0	0	0	0	0	0	8,386
	Premiums earned																	
R0210	Gross - Direct Business	0	0	0	179,384	52,528	0	0	0	0	0	0	0					231,912
R0220	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0					0
R0230	Gross - Non-proportional reinsurance accepted													0	0	0	0	0
R0240	Reinsurers' share	0	0	0	182,415	53,416	0	0	0	0	0	0	0	0	0	0	0	235,830
R0300	Net	0	0	0	-3,031	-888	0	0	0	0	0	0	0	0	0	0	0	-3,918
	Claims incurred																	
R0310	Gross - Direct Business	0	0	0	105,475	30,886	0	0	0	0	0	0	0					136,361
R0320	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0					0
R0330	Gross - Non-proportional reinsurance accepted													0	0	0	0	0
R0340	Reinsurers' share	0	0	0	83,484	24,446	0	0	0	0	0	0	0	0	0	0	0	107,930
R0400	Net	0	0	0	21,991	6,440	0	0	0	0	0	0	0	0	0	0	0	28,431
	Changes in other technical provisions																	
R0410	Gross - Direct Business	0	0	0	-1,384	-405	0	0	0	0	0	0	0					-1,789
R0420	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0					0
R0430	Gross - Non- proportional reinsurance accepted													0	0	0	0	0
R0440	Reinsurers'share	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0500	Net	0	0	0	-1,384	-405	0	0	0	0	0	0	0	0	0	0	0	-1,789
R0550	**Expenses incurred**	0	0	0	-20,098	-5,885	0	0	0	0	0	0	0	0	0	0	0	-25,984
R1200	**Other expenses**																	0
R1300	**Total expenses**																	-25,984

P.05.01.02.02 - Premiums, claims and expenses by line of business - Table 2

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

P.05.02.01 - Premiums, claims and expenses by country

Contents

Tabular
Microsoft Excel -based Solvency II reporting solution

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
R0010			GB	0	0	0	0	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	0	294,124	0	0	0	0	294,124
R0120	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0130	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0140	Reinsurers' share	0	285,738	0	0	0	0	285,738
R0200	Net	0	8,386	0	0	0	0	8,386
	Premiums earned							
R0210	Gross - Direct Business	0	231,912	0	0	0	0	231,912
R0220	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0230	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0240	Reinsurers' share	0	235,830	0	0	0	0	235,830
R0300	Net	0	-3,918	0	0	0	0	-3,918
	Claims incurred							
R0310	Gross - Direct Business	0	136,361	0	0	0	0	136,361
R0320	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0330	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0340	Reinsurers' share	0	107,930	0	0	0	0	107,930
R0400	Net	0	28,431	0	0	0	0	28,431
	Changes in other technical provisions							
R0410	Gross - Direct Business	0	-1,789	0	0	0	0	-1,789
R0420	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0430	Gross - Non- proportional reinsurance accepted	0	0	0	0	0	0	0
R0440	Reinsurers'share	0	0	0	0	0	0	0
R0500	Net	0	-1,789	0	0	0	0	-1,789
R0550	**Expenses incurred**	0	-25,984	0	0	0	0	-25,984
R1200	**Other expenses**							0
R1300	**Total expenses**							-25,984

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

First Central
Insurance & Technology Group

P.12.01.02 - Life and Health SLT Technical Provisions

Contents

Tabular

			Index-linked and unit-linked insurance			Other life insurance						Health insurance (direct business)					
		Insurance with profit participation		Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees	Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	**Total (Life other than health insurance, including Unit-Linked)**		Contracts without options and guarantees	Contracts with options or guarantees	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150	C0160	C0170	C0180	C0190	C0200	C0210
R0010	**Technical provisions calculated as a whole**	0	0			0			0	0	0	0			0	0	0
R0020	**Total Recoverables from reinsurance/SPV and Finite Re** after the adjustment for expected losses due to counterparty default associated to TP as a whole	0	0			0			0	0	0	0			0	0	0
	Technical provisions calculated as a sum of BE and RM																
	Best Estimate																
R0030	**Gross Best Estimate**	0		0	0		0	0	12,548	0	12,548		0	0	0	0	0
R0080	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0		0	0		0	0	12,649	0	12,649		0	0	0	0	0
R0090	Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	0		0	0		0	0	-101	0	-101		0	0	0	0	0
R0100	**Risk Margin**	0	0			0			129	0	129	0			0	0	0
	Amount of the transitional on Technical Provisions																
R0110	Technical Provisions calculated as a whole	0	0			0			0	0	0	0			0	0	0
R0120	Best estimate	0		0	0		0	0	0	0	0		0	0	0	0	0
R0130	Risk margin	0	0			0			0	0	0	0			0	0	0
R0200	**Technical provisions - total**	0	0			0			12,676	0	12,676	0			0	0	0

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Insurance & Technology Group

P.17.01.02 - Non-Life Technical Provisions

Contents

Tabular

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protectioninsurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross	0	0	0	-50,022	-14,249	0	0	0	0	0	0	0	0	0	0	0	-64,271
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0	0	0	-4,757	-2,748	0	0	0	0	0	0	0	0	0	0	0	-7,505
R0150	Net Best Estimate of Premium Provisions	0	0	0	-45,265	-11,501	0	0	0	0	0	0	0	0	0	0	0	-56,767
	Claims provisions																	
R0160	Gross	0	0	0	295,244	-8,900	0	0	0	0	0	0	0	0	0	0	0	286,344
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0	0	0	260,311	-7,815	0	0	0	0	0	0	0	0	0	0	0	252,496
R0250	Net Best Estimate of Claims Provisions	0	0	0	34,933	-1,085	0	0	0	0	0	0	0	0	0	0	0	33,848
R0260	**Total Best estimate - gross**	0	0	0	245,222	-23,149	0	0	0	0	0	0	0	0	0	0	0	222,073
R0270	**Total Best estimate - net**	0	0	0	-10,332	-12,586	0	0	0	0	0	0	0	0	0	0	0	-22,918
R0280	**Risk margin**	0	0	0	1,760	515	0	0	0	0	0	0	0	0	0	0	0	2,276
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0300	Best estimate	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0310	Risk margin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Technical provisions - total																	
R0320	Technical provisions - total	0	0	0	246,982	-22,633	0	0	0	0	0	0	0	0	0	0	0	224,349
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	0	0	0	255,554	-10,563	0	0	0	0	0	0	0	0	0	0	0	244,991
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	0	0	0	-8,572	-12,071	0	0	0	0	0	0	0	0	0	0	0	-20,642

P.19.01.21 - Non-life Insurance Claims Information (simplified template for the public disclosure)

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Tabular
Microsoft Excel -based Solvency II reporting solution

Total Non-Life Business

Z0020	Accident year / Underwriting year	**Z0020**	Underwriting year [UWY]

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

	Year	0	1	2	3	4	5	6	7	8	9	10 & +	In Current year	Sum of years (cumulative)
		Development year												
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
R0100	**Prior**											-1	-1	-1
R0160	**N-9**	2,854	10,213	4,246	1,980	1,766	1,134	1,686	115	41	54		54	24,089
R0170	**N-8**	7,991	21,236	7,594	5,734	3,404	1,239	1,621	406	18			18	49,243
R0180	**N-7**	9,140	23,856	9,576	5,328	4,275	4,024	1,876	1,675				1,675	59,751
R0190	**N-6**	11,508	36,561	15,892	7,289	8,702	4,189	1,893					1,893	86,034
R0200	**N-5**	15,018	43,497	14,281	9,570	11,070	13,535						13,535	106,970
R0210	**N-4**	17,206	48,159	18,800	16,320	12,790							12,790	113,274
R0220	**N-3**	27,574	71,289	25,145	19,581								19,581	143,588
R0230	**N-2**	33,559	80,059	26,242									26,242	139,861
R0240	**N-1**	38,133	64,869										64,869	103,003
R0250	**N**	38,459											38,459	38,459
R0260												**Total**	179,116	864,271

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year	0	1	2	3	4	5	6	7	8	9	10 & +	Year end (discounted data)
		Development year											
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
R0100	**Prior**											316	317
R0160	**N-9**	0	0	0	0	0	3,259	627	276	272	192		192
R0170	**N-8**	0	0	0	0	3,155	1,992	621	294	-400			-400
R0180	**N-7**	0	0	0	9,533	6,630	2,745	629	-175				-176
R0190	**N-6**	0	0	37,747	24,274	16,495	2,918	11,340					11,348
R0200	**N-5**	0	70,861	53,250	37,705	17,540	12,998						13,010
R0210	**N-4**	64,560	88,475	55,343	40,249	21,005							21,021
R0220	**N-3**	72,374	87,221	59,416	35,904								35,932
R0230	**N-2**	117,731	94,556	66,785									66,825
R0240	**N-1**	125,932	67,011										67,022
R0250	**N**	71,273											71,252
R0260												**Total**	286,344

P.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula

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Tabular
Microsoft Excel -based Solvency II reporting solution

			Gross solvency capital requirement	USP	Simplifications
			C0110	C0090	C0120
R0010	Market risk	R0010	8,312		
R0020	Counterparty default risk	R0020	5,709		
R0030	Life underwriting risk	R0030	129		
R0040	Health underwriting risk	R0040	0		
R0050	Non-life underwriting risk	R0050	12,560		
R0060	Diversification	R0060	-6,512		
R0070	Intangible asset risk	R0070	0		
R0100	**Basic Solvency Capital Requirement**	R0100	20,199		

			C0100
	Calculation of Solvency Capital Requirement		
R0130	Operational risk	R0130	6,060
R0140	Loss-absorbing capacity of technical provisions	R0140	0
R0150	Loss-absorbing capacity of deferred taxes	R0150	0
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0
R0200	**Solvency capital requirement excluding capital add-on**	R0200	26,259
R0210	Capital add-on already set	R0210	0
R0220	**Solvency capital requirement**	R0220	26,259
	Other information on SCR		
R0400	Capital requirement for duration-based equity risk sub-module	R0400	0
R0410	Total amount of Notional Solvency Capital Requirement for remaining part	R0410	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	0
R0430	Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	R0440	0

			Yes/No
	Approach to tax rate		C0109
R0590	Approach based on average tax rate	R0590	0

			LAC DT
	Calculation of loss absorbing capacity of deferred taxes		C0130
R0600	DTA	R0600	
R0610	DTA carry forward	R0610	
R0620	DTA due to deductible temporary differences	R0620	
R0630	DTL	R0630	
R0640	LAC DT	R0640	0
R0650	LAC DT justified by reversion of deferred tax liabilities	R0650	0
R0660	LAC DT justified by reference to probable future taxable economic profit	R0660	0
R0670	LAC DT justified by carry back, current year	R0670	0
R0680	LAC DT justified by carry back, future years	R0680	0
R0690	Maximum LAC DT	R0690	0

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

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Tabular
Microsoft Excel -based Solvency II reporting solution

Linear formula component for non-life insurance and reinsurance obligations

		C0010
R0010	MCRNL Result	747

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expenses insurance and proportional reinsurance	0	0
R0030	Income protection insurance and proportional reinsurance	0	0
R0040	Workers' compensation insurance and proportional reinsurance	0	0
R0050	Motor vehicle liability insurance and proportional reinsurance	0	6,230
R0060	Other motor insurance and proportional reinsurance	0	2,157
R0070	Marine, aviation and transport insurance and proportional reinsurance	0	0
R0080	Fire and other damage to property insurance and proportional reinsurance	0	0
R0090	General liability insurance and proportional reinsurance	0	0
R0100	Credit and suretyship insurance and proportional reinsurance	0	0
R0110	Legal expenses insurance and proportional reinsurance	0	0
R0120	Assistance and proportional reinsurance	0	0
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	0
R0140	Non-proportional health reinsurance	0	0
R0150	Non-proportional casualty reinsurance	0	0
R0160	Non-proportional marine, aviation and transport reinsurance	0	0
R0170	Non-proportional property reinsurance	0	0

Linear formula component for life insurance and reinsurance obligations

		C0040
R0200	MCRL Result	0

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
R0210	Obligations with profit participation - guaranteed benefits	0	
R0220	Obligations with profit participation - future discretionary benefits	0	
R0230	Index-linked and unit-linked insurance obligations	0	
R0240	Other life (re)insurance and health (re)insurance obligations	0	
R0250	Total capital at risk for all life (re)insurance obligations		0

	Overall MCR calculation	C0070
R0300	Linear MCR	747
R0310	SCR	26,259
R0320	MCR cap	11,816
R0330	MCR floor	6,565
R0340	Combined MCR	6,565
R0350	Absolute floor of the MCR	3,338
		C0070
R0400	**Minimum Capital Requirement**	6,565