Solvency and Financial Condition Report (SFCR)

HMCA Insurance Limited

(Previously 'The Care Insurance Company Limited')

October 2018

FINANCIAL YEAR END: 30 JUNE 2018

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Executive Summary

Business performance

On 16 April 2018 the Company changed its name from 'The Care Insurance Company Limited' to 'HMCA Insurance Limited', in order to capitalise on its already strong brand name, and to assist it to grow in its core markets.

The principal activities of HMCA Insurance Limited ("the Company" or "HIL") are the underwriting of private medical insurance, hospital cash plan and dental plan products. The Company no longer underwrites income protection plan products as the risk exposure on this book of business exceeded the Company's underwriting risk appetite.

The Company is licensed by the Gibraltar Financial Services Commission to underwrite the following insurance classes under the Financial Services (Insurance Companies) Act:

- Accident – Class 1,
- Sickness – Class 2, and
- Miscellaneous Financial Loss – Class 16.

The Company underwrites business in the United Kingdom ("UK") and the Republic of Ireland ("ROI") on a freedom of services basis, and in Gibraltar. As a result of the 'Brexit' vote and the considerable uncertainty about the future that has arisen from this, the Board has recently submitted an application with the Central Bank of Ireland to establish a Third Country Branch in the ROI. Once approved, this branch would have permission to both underwrite insurance business and handle claims in Ireland, post 'Brexit'. The Board continues to concentrate its development plans in the UK and in Gibraltar.

During the year ended 30 June 2018, the Company wrote £12.9m (2017: £11.9m) of gross premium. Technical profit of £3.2m (2017: £2.8m) was slightly higher than expected due to lower claims ratios on existing schemes.

Net profit of £1.7m (2017: £2.3m) was lower than budget for the year, mainly due to unrealised losses on investments of £260k (2017: £355k gain) and realised losses on sale of investments of £50k (2017: £28k gain). This was due to the Company's investment portfolio being affected by a correction in world equity markets during the first quarter of 2018, which later partly reversed before the Company's year-end. As a result of this, and due to recent global financial markets volatility, the Company somewhat de-risked its investment portfolio following its 30 June 2018 year end – circa £6m of equities were sold and cash retained to provide funding for the ROI TCB, and to reduce exposure to equity risk (see below 'Balance Sheet of the Company' commentary).

	2017	2018	Percentage increase
Balance on the Technical Account (£)	2,809,225	3,171,132	12.9%
Total investment income (£)	1,012,816	272,586	-73.1%
Investment expenses and charges (£)	(44,339)	(67,225)	51.6%
Other income (£)	-	-	0.0%
Other charges (£)	(1,323,341)	(1,480,899)	11.9%
Profit on ordinary activities before tax (£)	2,454,361	1,895,594	-22.8%
Tax on profit on ordinary activities (£)	(188,961)	(205,947)	9.0%
Profit for the financial year (£)	2,265,400	1,689,647	-25.4%

The resultant profit for the year of £1.7m (2017: £2.3m) was transferred to reserves. No dividends have been paid out over the year.

On the 10 July 2018, Solomon Estates Limited (SEL) became the parent company of HIL, and therefore exercises control over the Company following its 30 June 2018 year end. The Company also made a £1m dividend payment to SEL on 27 July 2018. This SFCR has been produced as at 30 June 2018, and as such is an individual company SFCR – the Company will prepare its first group ORSA in January 2019 and group SFCR in October 2019.

The Company remains committed to the business that it is familiar with and is very well capitalised, as it has generated profits in every financial year since it started trading.

Financial year	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Revenue (£000s)	7,949	8,463	8,934	8,790	9,551	9,865
% increase in revenue	-	6%	6%	-2%	9%	3%
Profit after tax	477	1,631	1,508	976	1,154	829
Financial year	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Revenue (£000s)	9,815	9,871	10,368	10,650	11,852	12,852
% increase in revenue	-1%	1%	5%	3%	11%	8%
Profit after tax	1,861	2,138	1,839	2,221	2,265	1,690

Given that the business underwritten by the Company has been stable and profitable for numerous years, only small inflationary changes are made to the rating structure at the start of each underwriting year, mainly to cover claims inflation.

The Company has not entered into any reinsurance outwards contracts.

Solvency II

Since Solvency II came into force on 1 January 2016 the valuation of the balance sheet and the Solvency Capital Requirement under Solvency II is recalculated periodically with the aid of a standard-formula-based capital model provided by an external firm.

In relation to the Solvency II balance sheet, specific valuation rules are defined in the Solvency II Delegated Regulations for several balance sheet items that might differ from the rules and options available under International Financial Reporting Standards/UK GAAP.

Balance sheet of the Company for the year ended 30 June 2018:

	Statutory accounts (£)	**Solvency II value (£)**
Total assets	31,347,289	24,316,295
Total liabilities, including technical provisions	10,727,572	3,646,489
Shareholder's funds/Own funds	20,619,717	20,669,806

Besides underwriting risk, the other significant risk identified by the Company is equity risk – the portfolio of financial investments (£16.9m per the financial statements) was originally invested in government bonds and irredeemable preference shares, but given the low yield environment over the past few years, the non-fixed income allocation has gradually been increasing, and totalled approximately 75% of the portfolio as at 30 June 2018. The Board has continually been monitoring national and international developments, and given certain rising geopolitical issues and increased market volatility, decided to de-risk the investment portfolio and dispose of circa £6m of equity holdings after the Company's year-end of 30 June 2018. The equity allocation in the portfolio has now fallen to just under 40%.

System of Governance

The Company has designed a System of Governance (SoG) which it is implementing, in a proportional and proportionate manner. This SoG addresses the following important areas of the Company:

- Terms of Reference for the Board and the Sub-Committees
- Risk Management framework
- Key functions (Actuarial, Risk Management, Internal Audit and Compliance)
- Risk Policies for all the main risks
- Risk Appetite Strategy
- Own Risk Self-Assessment (ORSA)
- Fit and Proper Policy
- Scenario and Stress Testing and Reverse Stress Testing
- Outsourcing

Capital management processes

The Company has a robust capital management process in place which interacts with the risk management function. This capital management process relies on a capital model tool (acquired from an external provider) which is run periodically to evaluate the various risks the Company is subject to. It also produces a solvency ratio (defined here as the ratio of available capital/own funds to the regulatory capital requirement).

Per the Company's Capital Management Strategy, HIL should always hold a minimum SCR buffer of 50% (solvency ratio of 150%), a target SCR buffer of 100% (solvency ratio of 200%), and for scenario/stress tests in the Company's ORSA exercise a minimum Economic Capital ratio of 100% for individual stress tests/scenarios. Here Economic Capital is defined as the shortfall in own funds following a stress test/scenario, plus the SCR after the event. The Economic Capital ratio is the own funds before the stress event divided by the Economic Capital for a given stress event/scenario.

As at 30 June 2018, HIL had available own funds of £20,670k, compared to a calculated SCR and MCR of £7,202k and £2,196k respectively – this translates to SCR & MCR solvency ratios of 287% and 941%. These calculations are still subject to supervisory assessment.

The Company expects its current own funds surplus over the Solvency II capital requirement to continue to increase, as no significant changes are foreseen in relation to material lines of business or risk appetite.

Nevertheless, following the new group structure post year-end, it is the Board's intention to distribute 50% of any financial year's profits up to the parent company.

A. Business and performance

A.1. Business and external environment

A.1.1. Undertaking, financial supervisory authority and external auditor

Name of the undertaking:	HMCA Insurance Limited
Address of its registered office:	33/2 Cannon Lane Gibraltar Tel: +350 200 61430 Fax: +350 200 61431 E-Mail: info@hmcainsurance.gi
Legal status:	Private Company Limited by Shares The ultimate controlling party is J D Skrentny by virtue of her owning all the issued shares in the Company (as at the year-end), and in the new parent company (as from 10 July 2018).
Company registration number:	96060
Name of the financial supervisory authority:	Gibraltar Financial Services Commission
Contact details:	PO Box 940 Suite 3, Ground Floor Atlantic Suites Europort Avenue Gibraltar Tel: +350 200 40283 Website: www.gfsc.gi
Name of the external auditor:	EY Limited
Contact details:	Regal House Queensway Gibraltar

The Company is authorised to write business via the 'freedom to provide services' legislation in the following countries:

- Ireland *(Accident, Sickness).*
- United Kingdom *(Accident, Sickness, Miscellaneous Financial Loss).*

A.1.2. Material line of business and geographical areas where the Company carries out business

The Company was originally set up to underwrite the healthcare business of an insurance intermediary in the UK called The Hospital and Medical Care Association PLC (HMCA/S PLC). Having established itself as a profitable underwriter of this business, the Company is now looking to expand. The Company changed its name to 'HMCA Insurance Limited' in order to capitalise on its already strong brand name and as part of the expansion strategy mentioned above. The Board continues to develop new health plans and seek other UK intermediaries in similar business lines with a view to expanding its customer base and so reducing HIL's dependence on HMCA/S PLC.

HIL underwrites business in the United Kingdom ("UK") and the Republic of Ireland ("ROI") on a freedom of services basis, and in Gibraltar. As a result of the 'Brexit' vote and the considerable uncertainty about the future that has arisen from this, the Board has recently submitted an application with the Central Bank of Ireland to establish a Third Country Branch in the ROI. Once approved, this branch would have permission to both underwrite insurance business and handle claims in Ireland, post 'Brexit'. The Board continues to concentrate its development plans in the UK and in Gibraltar.

A.1.3. Internal or external events

With the above expansion plans in mind, the Board upgraded the administrative and financial systems of the Company and its service providers last year, to facilitate more efficient information handling. Final migration of all policies from the legacy underwriting system to the new one was completed in June 2018.

On the 10 July 2018, Solomon Estates Limited (SEL) became the parent company of HIL, and therefore exercises control over the Company following its 30 June 2018 year end. The Company also made a £1m dividend payment to SEL on 27 July 2018. This SFCR has been produced as at 30 June 2018, and as such is an individual company SFCR – the Company will prepare its first group ORSA in January 2019 and group SFCR in October 2019.

A.1.4. Main factors contributing to the position of the Company

During the year ended 30 June 2018, the Company wrote £12.9m (2017: £11.9m) of gross premium. Technical profit of £3.2m (2017: £2.8m) was slightly higher than expected due to lower claims ratios on existing schemes.

Net profit of £1.7m (2017: £2.3m) was lower than budget for the year, mainly due to unrealised losses on investments of £260k (2017: £355k gain) and realised losses on sale of investments of £50k (2017: £28k gain). This was due to the Company's investment portfolio being affected by a correction in world equity markets during the first quarter of 2018, which later partly reversed before the Company's year-end. As a result of this, and due to recent global financial markets volatility, the Company somewhat de-risked its investment portfolio following its 30 June 2018 year end – circa £6m of equities were sold and cash retained to provide funding for the ROI TCB, and to reduce exposure to equity risk (see below 'Investments Held'-A.3.3 commentary).

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The resultant profit for the year of £1.7m (2017: £2.3m) was transferred to reserves. No dividends have been paid out during the year, though as mentioned above a £1m dividend was made to HIL's new parent company after the Company's year-end.

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Financial year	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
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Revenue (£000s)	9,815	9,871	10,368	10,650	11,852	12,852
% increase in revenue	-1%	1%	5%	3%	11%	8%
Profit after tax	1,861	2,138	1,839	2,221	2,265	1,690

A.2. Underwriting performance

During the year ended 30 June 2018, gross written premiums increased by 8% compared to the prior year, and gross claims incurred increased by 7% during the same period.

PROFIT AND LOSS ACCOUNT for the year ended 30 June 2018 – Technical Account:

	2017	2018	Percentage increase
Gross written premiums (£)	11,852,123	12,852,391	8%
Gross earned premiums (£)	11,278,430	12,200,809	8%
Gross claims incurred (£)	(4,029,450)	(4,323,785)	7%
Net operating expenses (£)	(4,439,755)	(4,705,892)	6%
Balance on the Technical Account (£)	2,809,225	3,171,132	13%

Accident and health business - underwriting performance:*

	United Kingdom 2017	United Kingdom 2018	Percentage increase	Republic of Ireland 2017	Republic of Ireland 2018	Percentage increase
Gross written premiums (£)	10,738,187	11,730,867	9%	1,121,251	1,121,524	0%
Gross earned premiums (£)	10,145,444	11,069,895	9%	1,122,017	1,130,930	1%
Gross claims incurred (£)	(3,768,339)	(4,120,279)	9%	(206,289)	(203,506)	-1%
Gross operating expenses (£)	(3,615,453)	(3,855,537)	7%	(820,719)	(850,360)	4%

*The Company has now ceased writing income protection business and only exclusively underwrites accident and health business.

A.3. Performance from investment activities

A.3.1. Investment income performance over the year ended 30 June 2018

	2017	2018	Percentage
Investment income (£)	1,012,816	272,586	-73%
Income from other financial investments (£)	520,129	582,511	12%
Unrealised gains/(losses) on other financial investments (£)	354,511	-259,996	-173%
Realised gains/(losses) on sale of other financial investments (£)	28,155	-49,929	-277%
Realised loss on sale of land and buildings (£)	(3,279)	-	N/A
Fair value re-adjustment on land and buildings (£)	113,300	-	N/A

A.3.2. Investment expenses performance over the year ended 30 June 2018

Investment expenses of £67k (2017: £44k) increased by 52% this year on last year, due to an increased investment portfolio size resulting in higher monthly fees.

A.3.3. Investments held

	2017	2018	Percentage increase
Land and buildings (£)	1,793,000	1,793,000	0%
Financial investments (£)	14,894,373	16,931,044	14%
Total investments (£)	16,687,373	18,724,044	12%

The portfolio of financial investments (£16.9m per the financial statements) was originally invested in government bonds and irredeemable preference shares, but given the low yield environment over the past few years, the non-fixed income allocation has gradually been increasing, and totalled approximately 75 per cent of the portfolio as at 30 June 2018. The Board has continually been monitoring national and international developments, and given certain rising geopolitical issues and increased market volatility, decided to somewhat de-risk the investment portfolio and dispose of circa £6m of equity holdings after the Company's year-end of 30 June 2018. The equity allocation in the portfolio has now fallen to just under 40%.

A formal fair value valuation of the properties was undertaken in June 2017 by a firm of RICS qualified Chartered Surveyors. For the 30 June 2018 year end, an opinion was obtained by the same firm regarding the local residential and commercial property markets – this showed that no significant movement in fair values had occurred during the year.

A.4. Performance of other activities

Other charges (non-underwriting expenses/ general overheads) incurred over the year ended 30 June 2018:

	2017	2018	Percentage increase
Other charges (£)	1,323,341	1,480,899	12%

Main contributors to the increase in other charges for the year were an increase in charitable donations of £85k, and an increase in information technology costs of £71k.

A.5. Any other disclosures

Other disclosures for the year ended 30 June 2018 useful to the reader:

	2017	2018	Percentage change
Cash at Bank (£)	3,963,653	3,946,596	0%
Insurance Related Debtors	4,989,980	5,619,368	13%
Insurance Related Creditors	(1,490,672)	(2,018,880)	35%
Insurance Contract Liabilities (£)	(1,157,704)	(1,170,938)	1%
Unearned Premium Reserve (£)	(6,224,409)	(6,875,991)	10%

B. System of Governance

B.1. General Governance arrangements

The Company has a System of Governance ("SOG") together with a Governance structure in place.

The SOG has been designed around a Risk Management framework together with its related controls and processes, and is strengthened by outsourced internal audit and actuarial service providers to assist the Company's internal audit and internal actuarial function holders.

B.1.1. System of governance

a. Risk Management framework: This framework consists of a set of policies, processes and procedures (including the ORSA process) covering all the possible risks the company could/may/will face. Each policy outlines the underlying principles together with the controls which the Company uses to manage the specified risk. Ownership, together with the controls, limits and escalation procedures are also described in those policies.

b. Risk Appetite Statement: This is a broad statement which describes the risk appetite (and hence the risks) that the Company is willing to operate within. The Company is very risk averse with respect to underwriting risk, and this is reflected in the way it conducts its insurance business. In the past the Company has had a higher tolerance for market & equity risk given the low yield and increasing economic growth environments. However as mentioned previously, the Board decided to somewhat de-risk HIL's equity exposure after the Company's June 2018 year-end, from an asset allocation of 75% to just under 40% of its investment portfolio – this was due to several global geopolitical issues/protectionism on the increase, rising interest rates and increased market volatility. The Board continues to seek investment advice as needed.

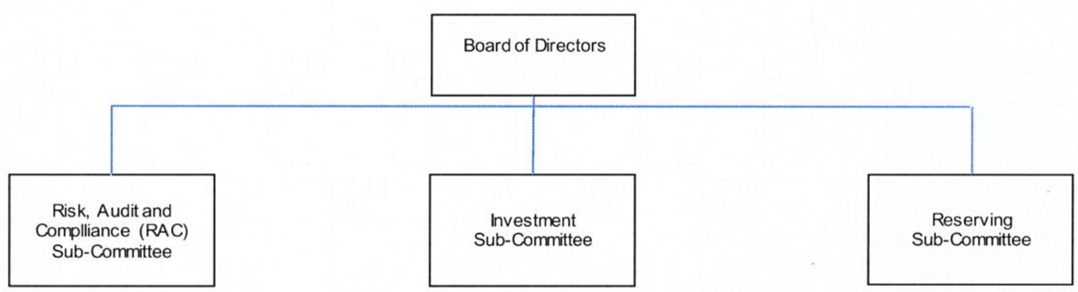
c. The success of the company so far is a clear indication of an adequate risk appetite strategy.

d. In the course of the year additional new initiatives were completed. These consisted of: (i) enhancing the Company's ORSA substantially to incorporate all the GFSC's recommendations and prescribed SII guidelines – numerous stress/reverse stress tests & scenarios were conducted and recovery/resolution planning added to the exercise; (ii) all the GFSC's recommendations following their SII Quality Assurance review were adopted as at 30 June 2018 – this has resulted in substantially increased SII technical provisions on the SII balance sheet, though HIL's SCR is not significantly different from last year; (iii) completion of phase 2 of the Company's three year Internal Audit cycle; (iv) outsourcing policy/binder review work to a HIL non-executive director to provide assistance to the accounts department, and (v) production of the annual internal actuarial report for the Board to review, which considered the need or otherwise of reinsurance.

B.1.2. Structure of the administrative, management or supervisory body

The company is structured as follows:

HIL BOARD AND SUB-COMMITTEES CHART



The Board's primary roles are overseeing corporate performance and providing quality, depth and continuity of management to meet the Company's strategic objectives, business plan and budget.

The Board has established the following Sub-Committees:

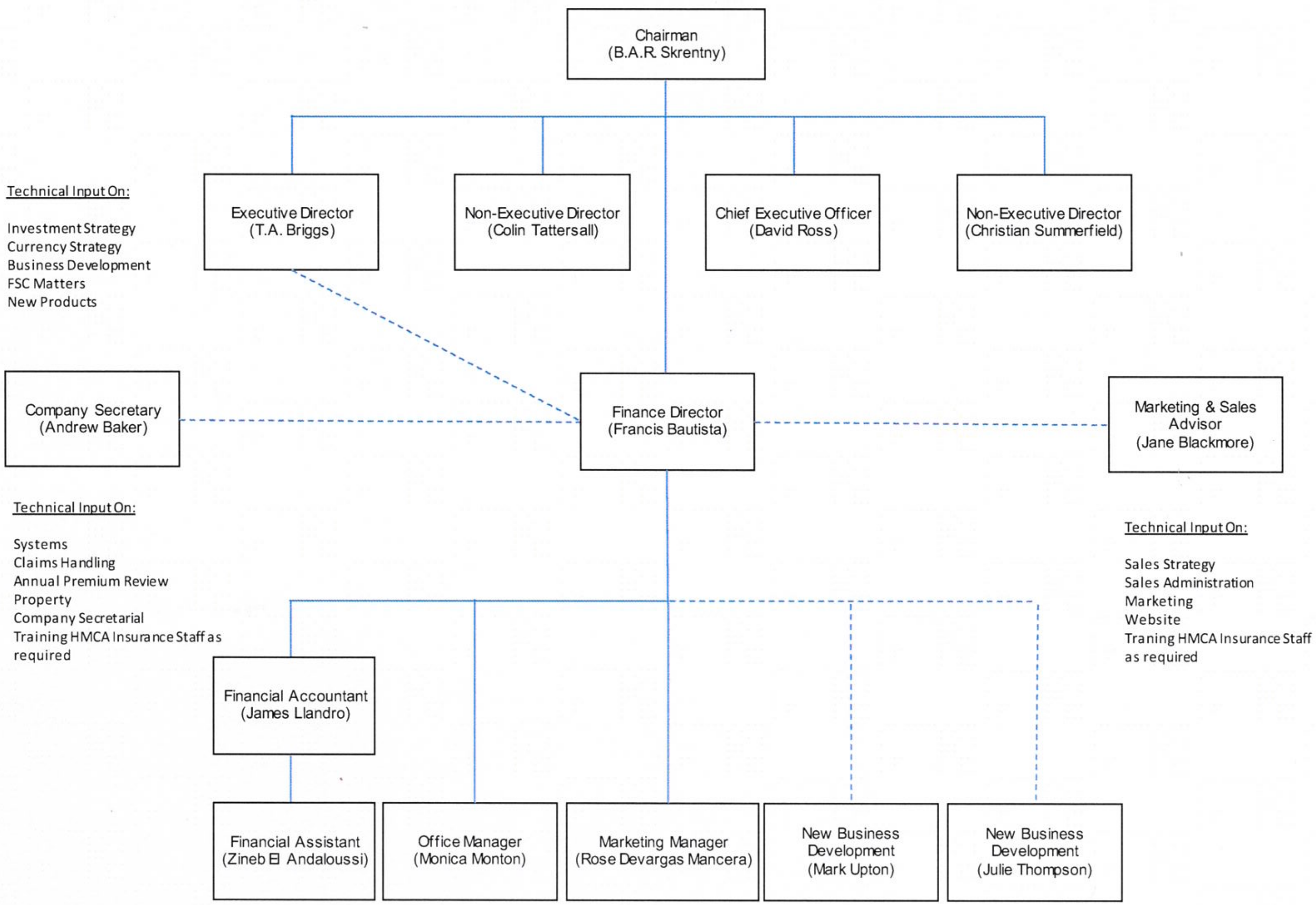
- Risk, Audit and Compliance (RAC),
- Investment,
- Reserving

The Board has approved the terms of reference for each Board Sub Committee.

The Board has delegated for approval or review the matters set out in each Board Sub Committee's terms of reference to that Sub Committee. Where appropriate the Board may delegate authority to the Sub Committee to enter into or complete transactions on behalf of the Board. The Board will identify such authorities to the Sub Committee in writing and the Sub Committee shall report to and be accountable to the Board for its actions.

The Reserving Sub-Committee is comprised of three individuals who review the claims statistics which are produced on a monthly basis, and are responsible for recommending claims reserve levels (including IBNR) internally. The Sub-Committee meets at least quarterly to compare current reserving levels with the external actuary's recommended best estimate, and then informing the Risk, Audit and Compliance Sub-Committee of its results. Following recommendations from the RAC Sub-Committee, claims reserves are then discussed at Board level and approved accordingly.

HMCA Insurance Limited Organisation Chart



B.1.3. Group corporate structure

The Company was not part of a group/financial conglomerate as at 30 June 2018, its year-end. However, on the 10 July 2018, Solomon Estates Limited (SEL) became the parent company of HMCA Insurance Limited via a share swap agreement with the shareholder of the Company.

B.2. Fit and proper requirements

The Company has in place a fit and proper policy which guides its thinking and practice.

The principles upon which the policy has been designed have been taken from the Gibraltar Financial Services Commission ("GFSC") guidance notes and from Solvency II System of Governance guidelines.

B.3. Risk management system

B.3.1. Structure, organisation, strategies and processes

The Company has in place an effective Risk Management System ("RMS") which consists of:

a. Strategies to identify, measure, monitor, manage and report, on a continuous basis the risks, at an individual and at an aggregated level, to which it is exposed or could be exposed, and their interdependencies;

b. A clearly defined risk management strategy which is consistent with the Company's overall business strategy. The objectives and key principles of the strategy, the approved risk tolerance limits and the assignment of responsibilities across all the activities of the company are documented;

c. Written policies which effectively ensure the definition and categorisation of the material risks by type to which the Company is exposed, and the approved risk tolerance limits for each type of risk. Such policies implement the Company's risk strategy, facilitate control mechanisms and take into account the nature, scope and time periods of the business and the associated risks;

d. Processes to support a;

e. A clearly defined procedure on the decision-making process;

f. Reporting procedures and processes which ensure that information on the material risks faced by the Company and the effectiveness of the risk management system are actively monitored and analysed and that appropriate modifications to the system are made where necessary.

The risk-management system is effective and well-integrated into the organisational structure and in the decision-making processes of the Company with proper consideration of the persons who effectively run the Company or have other key functions.

B.3.2. The risks

The risk-management system covers the risks included in the calculation of the Solvency Capital Requirement as well as the risks which are not or not fully included in the calculation thereof.

The risk-management system covers (at least) the following areas:

a. Underwriting and reserving:

   i. actions to be taken by the Company to assess and manage the risk of loss or of adverse change in the values of insurance and reinsurance liabilities, resulting from inadequate pricing and provisioning assumptions;

   ii. the sufficiency and quality of relevant data to be considered in the underwriting and reserving processes, and their consistency with the standards of sufficiency and quality;

   iii. the adequacy of claims management procedures including the extent to which they cover the overall cycle of claims.

b. Asset-liability management:

   i. the structural mismatch between assets and liabilities and in particular the duration mismatch of those assets and liabilities.

c. Investment risk management:

   i. actions to be taken by the Company to ensure that its investments comply with the prudent person principle;

   ii. actions to be taken by the Company to ensure that its investments take into account the nature of its business, its approved risk tolerance limits, its solvency position and its long-term risk exposure;

   iii. the Company's own internal assessment of the credit risk of investment counterparties, including where the counterparties are central governments.

d. Liquidity risk management:

   i. actions to be taken by the Company to take into account both short term and long term liquidity risk.

e. Concentration risk management:

   i. actions to be taken by the Company to identify relevant sources of concentration risk to ensure that risk concentrations remain within established limits and actions to analyse possible risks of contagion between concentrated exposures.

f. Operational risk management:

   i. actions to be taken by the Company to assign clear responsibilities to regularly identify, document and monitor relevant operational risk exposures.

g. Insurance risk mitigation techniques:

i. actions to be taken by the Company to ensure the selection of suitable risk mitigation techniques;

ii. actions to be taken by the Company to assess which types of risk mitigation techniques are appropriate according to the nature of the risks assumed and the capabilities of the Company to manage and control the risks associated with those techniques;

iii. the Company's own assessment of the credit risk of the risk mitigation techniques.

The written policy on risk management (and the individual risk policies) comprise policies relating to points (a) to (g) above.

As regards investment risk, the company complies with Chapter VI, Section 6 of the SII Directive (Prudent person principle, etc).

The Company maintains a risk register which has all the risks not included in the above list (Cyber Security, Regulatory, etc.). These risks are subject to the same evaluation/analysis and the results are recorded in the Risk Register, including the mitigation actions and the residual risks.

B.3.3. The Risk Management function

The Company has a proportionate risk-management function.

The Company ensures that the persons who effectively run it (the Board) or have other key functions take into account the information reported as part of the risk management system in their decision making process.

The Company will consider, where and when appropriate, the performance of stress tests and scenario analysis with regard to all relevant risks it faces, in their risk-management system (as part of the ORSA process – see B.4).

The Risk Function is responsible for ensuring that all reporting (internal, external and to the Regulator) is performed accurately and on a timely basis. In addition, the Risk Function reports directly to the Board on a regular basis, via the RAC Committee.

The Risk Function is responsible for the production of a Risk Appetite Strategy (with the support of the other functions) and for ensuring that the Company is operating within the agreed limits/boundaries established in that document.

The Risk Function is responsible for all Scenario and Stress Testing ("SST") and Reverse Stress Testing ("RST"), including considering events such as Brexit.

The Risk Function is the owner of the standard formula ("SF") model and therefore is responsible for its integrity. This means it will ensure at any time that the model is properly documented, that it is properly functioning (i.e. producing results congruent with prevailing legislation) and that it is properly maintained and backed-up).

B.4. Own risk and solvency assessment (ORSA)

The Company produces as a minimum a yearly ORSA document.

This document is subsequently reviewed by the Risk Function Holder, the RAC committee and then the Board for final approval. Substantial improvements were made to this document/exercise over the course of the year, e.g. numerous stress tests/reverse stress tests/scenario analysis were added, together with recovery/resolution planning and incorporating other guidance from the GFSC or SII guidelines.

The ORSA in relation to the year ended 30 June 2018 will be submitted to the GFSC in January 2019. This will be HIL's first group ORSA, following the new parent company structure as of 10 July 2018.

B.5. Internal control system

a) Given the size of the Company, and bearing in mind the proportionality principle, the internal control system is simple and straightforward in line with the nature, scale and complexity of the business. The finance team is responsible for ensuring that the Company's accounting policies are monitored to ensure that these are aligned to accounting treatments adopted on an ongoing basis. Changes to the accounting policies are documented and approved by the Board to ensure that these are appropriate with relevant accounting standards. Through regular and effective communication, management ensures that each staff member is fully aware of his/her role and responsibilities. There are clear reporting lines which are set out in the Company's organisation chart included in this document. Open, constant dialogue and meetings are held between management and staff to ensure that there is no overlap in each member carrying out his/her duties.

b) The compliance function holder is an executive director of the company. He is responsible for ensuring that the Company remains compliant with all applicable law and regulations and all internal policies. This individual reports to the Risk, Audit and Compliance (RAC) Committee, which in turn reports to the Board, on a regular basis.

c) The Company's IT system administrators carry out ongoing services and activities to ensure that its administrative and financial systems are regularly updated. This, in turn, ensures that the data is of accurate and reliable quality. Regular workshops are held with the IT team so any data issues are satisfactorily resolved and required system updates are implemented as quickly and efficiently as possible.

B.6. Internal audit function

The Company has an internal audit policy together with a 3-year internal audit plan.

The internal audit (IA) function is currently outsourced to an external consultancy firm but the Company has appointed an internal audit function holder who is a non-executive director. Given the fact that the position is held by a non-executive director, this ensures that this critical function is carried out in an objective, independent and effective manner.

The IA function is run independently and reports to the RAC Committee which reports to the Board.

The Company has currently completed phase 2 of its 3 year internal audit cycle.

B.7. Actuarial function

The Company has an Actuarial Function (AF) which is currently outsourced to an external consultancy firm. The AF holder, however, is an internal member of the Company and is responsible for the production and the signing of the Internal Actuarial Function report, together with review and challenge of externally calculated technical provisions.

The AF is involved in the four AF areas namely:

- Technical provisions;
- Reinsurance arrangements;
- Underwriting policy; and
- The risk management system.

The involvement in each area differs depending whether an opinion is being expressed or deeper contribution takes place.

The AF will produce at least yearly an AF report covering the 4 key areas.

By outsourcing the actuarial function to an external consultancy firm, the Company ensures that the actuarial function is objective and free from influence of other functions or the Board.

B.8. Outsourcing

The significant majority of the business underwritten by the Company is distributed through the Company's main intermediary, HMCA/S PLC. The professional relationship between the intermediary and the Company is set out in the administration agreement between the two companies. This includes a 90-day notice period for the termination of the agreement by either party.

The current administration agreement also provides that the intermediary would handle those policies in force, and so the claims handling for these in-force policies would also be expected to be administered by the intermediary. Should that not be the case the Company would be entitled to a pro-rata refund of the unearned proportion of the acquisition cost paid to the intermediary. This refunded acquisition cost would contribute to the costs the Company will incur in having to find additional resources to handle these claims.

HMCA/S PLC is owned by the same ultimate shareholder as the Company.

B.9. Any other disclosures

On 23 June 2016 the United Kingdom ("UK") voted to leave the European Union ("EU"). The Company sells its products in the UK and Ireland (Republic) and underwrites them through its underwriting business based in Gibraltar.

Gibraltar is part of the EU by virtue of the UK's membership and is not a separate member state. At present, pursuant to the Financial Services and Markets Act 2000 (Gibraltar) Order 2001 (the 'Gibraltar Order'), the UK treats Gibraltar-based insurers as European Economic Area ("EEA") insurers allowing them to underwrite UK business. This access to the UK market is expected to continue following certain commitments made by senior UK Government Ministers.

B.10. Reporting at group level

The Company was not part of a Group as at 30 June 2018, its year-end. Therefore this SFCR is an individual company SFCR. However on the 10 July 2018, Solomon Estates Limited (SEL) became the parent company of HMCA Insurance Limited via a share swap agreement with the shareholder of the Company. HIL will prepare its first group ORSA in January 2019, and group SFCR in October 2019.

C. Risk profile

C.1. Underwriting risk

C.1.1. Material exposures for the year ended 30 June 2018

Exposure to premium and reserve risk, non-SLT health (non-similar to life techniques):

Gross earned premiums (£) – future 12 months	13,077,185
SII Best estimate claims provision (£)	1,460,933

C.1.2. Risk management processes

Given that the business underwritten by the Company has been stable and profitable for numerous years, only small inflationary changes are made to the rating structure at the start of each underwriting year, mainly to cover claims inflation.

Since Solvency II came into force on 1 January 2016 the exposure to the risks discussed above is monitored periodically by running the standard-formula-based capital model provided by an external firm and performing stress tests.

C.1.3. Risk mitigation

The Company has not entered into any reinsurance outwards contracts.

C.2.1. Material exposures for the year ended 30 June 2018

Exposure to equity risk:

Equity investments held (£)	12,931,568

Exposure to property risk:

Land and buildings (£)	1,802,560

The above amount for land & buildings, on a SII basis, is the market value of both properties (for own use by HIL and for investment purposes) plus an estimated net realisable value for tangible fixed assets. IT equipment has been discounted by 25% of net book value, and fixtures and fittings by 50%.

Exposure to currency risk:

The major exposure to currency risk is given by the market value of the net assets held in the US Dollar currency via the Company's investments in foreign denominated assets:

Market Value of Net Assets in USD currency (£)	2,576,885

C.2.2. Risk management processes

The portfolio of financial investments (£16.9m per the financial statements/UK GAAP basis) is managed by an external investment manager, JM Finn & Co. However, any material investment decisions are authorised by a Board member, and the Board also reviews the monthly portfolio valuations provided by the investment manager firm.

Key members of the Board meet regularly to review the risks discussed above as part of the Company's RAC Committee/Investment Committee. In addition, the Board maintains a risk register. The risks recorded in the register are categorised by category of risk, and then graded based on their likelihood and impact.

The exposure to market risk is also monitored periodically by running the standard-formula-based capital model provided by an external firm and performing stress tests.

C.2.3. Risk mitigation

No derivatives or other risk mitigation techniques have been used in relation to market risk.

C.3. Credit risk

C.3.1. Material exposures for the year ended 30 June 2018

Cash at bank (£)	3,946,596
Debtors: HMCA/S PLC (£)	1,593,970

In respect of the balance due from the intermediary, the debt arises from premium funds which have been paid by policyholders over to the intermediary. These credit terms are considered to be standard practice in the insurance industry in terms of the relationship between an insurer and an intermediary. As a regulated intermediary, the company will be required to keep premium funds in a separate client money account, which is not mixed with the Company's own cash funds.

C.3.2. Risk management processes

The ratings of banks used are monitored at Investment Committee meetings on a quarterly basis; similarly premium debtor receipts are also received within three months and periodically reviewed.

In addition, all exposures to counterparty credit risk are also monitored periodically by running the standard-formula-based capital model provided by an external firm.

C.3.3. Risk mitigation

No derivatives or other risk mitigation techniques have been used in relation to credit risk.

C.4. Liquidity risk

The Company's cash balances (£4m) are made up of either current accounts with credit institutions, or deposits which mature within three months. In addition to this, the Company's portfolio of financial investments (£16.9m per the financial statements) is made up of liquid investments in that they are securities which are readily tradeable, mostly consisting of either large government bonds, or large cap equities.

C.5. Operational risk

C.5.1. Material exposures for the year ended 30 June 2018

- Operational: whilst undue reliance on key staff is clearly an operational issue that the Company would need to deal with, it is unlikely that such a risk would have a financial impact on the Company.
- Computer services: The Company has a business continuity plan in place which provides that the Company can be operational within 24 hours of a major incident which would put the current IT systems out of use. If an incident took place in Gibraltar which would render the Company's office un-operational, the Company would be able to continue operating through the intermediary's office in the United Kingdom. Therefore, an incident occurring in Gibraltar is not expected to result in any material loss of either information or business activities.

C.5.2. Risk management processes

The exposures to operational risk discussed above (and other such risks) are monitored periodically via the Company's risk register which is regularly reviewed in RAC Committee meetings. The Company also runs the standard-formula-based capital model provided by an external firm to assess operational risk capital requirements, as compared to the ORSA capital requirements.

C.6. Other material risks

None.

C.7. Any other disclosures

None.

D. Valuation for solvency purposes

D.1. Assets

Overview of the assets held as at 30 June 2018:

	Statutory accounts (£)	Solvency II value (£)	Percentage change	Major differences
Deferred acquisition costs	1,632,579		-100%	DAC is not recognised as an asset under SII valuation rules
Intangible Assets (IAs)	316,843		-100%	IAs have strict recognition rules under SII legislation
Property	1,810,042	1,802,560	0%	
Equities – listed	12,930,691	12,930,691	0%	
Equities - unlisted	877	877	0%	
Government Bonds	3,999,476	4,038,756	1%	
Corporate Bonds	-	-	0%	
Loans and mortgages to individuals	-	1,667	N/A	Transferred debtors to loans
Receivables (trade, not insurance)	2,846	1,178	N/A	Transferred debtors to loans
Insurance and intermediaries' receivables	5,619,368	1,593,970	-72%	SII value has been calculated net of future premiums
Cash and cash equivalents	3,946,596	3,946,596	0%	
Any other assets, not elsewhere shown	1,087,971	-	-100%	Deferred costs-see DAC above
Total assets	31,347,289	24,316,295	-22%	

D.2. Technical provisions

Overview of the technical provisions as at 30 June 2018:

	Statutory accounts (£)	Solvency II value (£)	Percentage change	Major differences
Technical provisions - non-life (excluding health)	-	-	-	
Best Estimate		-		
Risk margin		-		
Technical provisions - health (similar to non-life techniques)	8,046,929	3,014,571	-63%	SII value of TPs shall be calculated on a cash flow basis & incorporate run-off expenses
Best Estimate		2,904,729		
Risk margin		109,842		

The assumptions underpinning the calculations and estimates to determine the technical provisions for Solvency II purposes comprise discount rates, lapse rates, loadings for 'Events Not in Data' & 'Bound But Not Incepted' risks, claims handling costs, overheads/administration/investment expenses in a run-off scenario, future margins and claims development patterns.

D.3. Other liabilities

Overview of liabilities other than technical provisions as at 30 June 2018:

	Statutory accounts (£)	Solvency II value (£)	Percentage increase	Major differences
Insurance & intermediaries' payables	2,018,880	356,960	-82%	Net of future commissions/discounts
Deferred tax liabilities	-	5,565	100%	SII requirement
Payables (trade, not insurance)	479,076	86,706	-82%	IPT creditor moved to SII TPs
Any other liabilities, not elsewhere shown	182,687	182,687	0%	

D.4. Any other disclosures

Balance sheet of the Company as at 30 June 2018 - valuation methods used:

The balance sheet of the Company as part of its financial statements has been prepared in accordance with applicable law in Gibraltar and Gibraltar Accounting Standards ("Gibraltar Generally Accepted Accounting Practice").

In relation to the Solvency II balance sheet, specific valuation rules are defined in Solvency II legislation for several balance sheet items that differ from the rules and possibilities in Gibraltar Accounting Standards.

	Statutory accounts (£)	Solvency II value (£)
Total assets	31,347,289	24,316,295
Total liabilities, including technical provisions	10,727,572	3,646,489
Shareholder's funds/Own funds	20,619,717	20,669,806

E. Capital management

E.1. Own Funds

E.1.1. Significant movements in own funds over the year ended 30 June 2018

	2017	2018
Called up share capital (£)	5,000,000	5,000,000
Reconciliation reserve (£)	15,265,410	15,669,806
Total Own funds (£)	20,265,410	20,669,806

E.1.2. Structure, amount and quality

- Solvency II – own funds: £20,669,806.
- £5,000,000 ordinary shares of £1 each, fully paid (tier 1).
- Reconciliation reserve: £15,669,806 (tier 1).

E.1.3. Capital management processes and interaction with the risk management function

A Solvency II capital model provided by an external firm is run periodically to obtain the solvency capital requirement under the standard formula.

Per the Company's Capital Management Strategy, HIL should always hold a minimum SCR buffer of 50% (solvency ratio of 150%), a target SCR buffer of 100% (solvency ratio of 200%), and for scenario/stress tests in the Company's ORSA exercise a minimum Economic Capital ratio of 100% for individual stress tests/scenarios. Here Economic Capital is defined as the shortfall in own funds following a stress test/scenario, plus the SCR after the event. The Economic Capital ratio is the own funds before the stress event divided by the Economic Capital for a given stress event/scenario.

E.1.4. Objectives and planning horizon

The Company expects its current capital surplus over the Solvency II capital requirement to continue to increase, since no significant changes are foreseen in relation to material lines of business or risk appetite. Nevertheless, following the new group structure post year-end, it is the Board's intention to distribute 50% of any financial year's profits up to the parent company.

The Company applies a 3 year planning horizon in its ORSA process, and as stated above, has an internal SCR solvency ratio requirement of at least 150%.

E.2. Minimum capital requirement and solvency capital requirement

Quantitative information for the year ended 30 June 2018:

	£	£
Equity risk	5,028,925	
Currency risk	1,061,299	
Property risk	450,640	
Interest rate risk	138,997	
Spread risk	-	
Concentration risk	272,647	
Diversification benefit	(1,199,769)	
Market risk		5,752,739
Health premium & reserve risk	2,079,824	
Health Lapse risk	461,001	
Diversification benefit	(410,522)	
NSLT Health underwriting risk	2,130,303	
Health catastrophe risk	308,727	
Diversification benefit	(211,398)	
Health underwriting risk		2,227,632
Counterparty Type 1 risk	296,363	
Counterparty Type 2 risk	241,656	
Diversification benefit	(34,377)	
Counterparty risk		503,642
Diversification benefit		(1,648,289)
Basic SCR		6,835,724
Operational risk		366,025
Solvency capital requirement (SCR)		7,201,749
Minimum capital requirement (MCR)		2,196,325
Own funds/eligible capital		20,669,806
Surplus over SCR		13,468,057

These results show that the position of the Company is compliant with the Solvency Capital Requirement and the Minimum Capital Requirement (SCR/MCR solvency ratios of 287% and 941% respectively). Please note that the Solvency Capital Requirement calculation is still subject to supervisory assessment.

E.3. Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

Not applicable.

E.4. Differences between the standard formula and any internal model used

Not applicable since no internal model has been used in the calculation of the Solvency Capital Requirement.

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

Not applicable, since the Company has always been compliant with the Solvency Capital Requirement and the Minimum Capital Requirement.

E.6. Any other disclosures

Not applicable.

S.02.01.02

Balance sheet

£'000s

		Solvency II value
		C0010
Assets		
Intangible assets	R0030	-
Deferred tax assets	R0040	-
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	613
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	18,160
Property (other than for own use)	R0080	1,190
Holdings in related undertakings, including participations	R0090	-
Equities	R0100	12,932
Equities - listed	R0110	12,931
Equities - unlisted	R0120	1
Bonds	R0130	4,038
Government Bonds	R0140	4,038
Corporate Bonds	R0150	-
Structured notes	R0160	-
Collateralised securities	R0170	-
Collective Investments Undertakings	R0180	-
Derivatives	R0190	-
Deposits other than cash equivalents	R0200	-
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	-
Loans and mortgages	R0230	1
Loans on policies	R0240	-
Loans and mortgages to individuals	R0250	1
Other loans and mortgages	R0260	-
Reinsurance recoverables from:	R0270	-
Non-life and health similar to non-life	R0280	-
Non-life excluding health	R0290	-
Health similar to non-life	R0300	-
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	-
Health similar to life	R0320	-
Life excluding health and index-linked and unit-linked	R0330	-
Life index-linked and unit-linked	R0340	-
Deposits to cedants	R0350	-
Insurance and intermediaries receivables	R0360	1,594
Reinsurance receivables	R0370	-
Receivables (trade, not insurance)	R0380	1
Own shares (held directly)	R0390	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	-
Cash and cash equivalents	R0410	3,947
Any other assets, not elsewhere shown	R0420	-
Total assets	**R0500**	24,316

Liabilities		C0010
Technical provisions – non-life	R0510	3,015
Technical provisions – non-life (excluding health)	R0520	-
Technical provisions calculated as a whole	R0530	-
Best Estimate	R0540	-
Risk margin	R0550	-
Technical provisions - health (similar to non-life)	R0560	3,015
Technical provisions calculated as a whole	R0570	-
Best Estimate	R0580	2,905
Risk margin	R0590	110
Technical provisions - life (excluding index-linked and unit-linked)	R0600	-
Technical provisions - health (similar to life)	R0610	-
Technical provisions calculated as a whole	R0620	-
Best Estimate	R0630	-
Risk margin	R0640	-
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	-
Technical provisions calculated as a whole	R0660	-
Best Estimate	R0670	-
Risk margin	R0680	-
Technical provisions – index-linked and unit-linked	R0690	-
Technical provisions calculated as a whole	R0700	-
Best Estimate	R0710	-
Risk margin	R0720	-
Contingent liabilities	R0740	-
Provisions other than technical provisions	R0750	-
Pension benefit obligations	R0760	-
Deposits from reinsurers	R0770	-
Deferred tax liabilities	R0780	5
Derivatives	R0790	-
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	357
Reinsurance payables	R0830	-
Payables (trade, not insurance)	R0840	87
Subordinated liabilities	R0850	-
Subordinated liabilities not in Basic Own Funds	R0860	-
Subordinated liabilities in Basic Own Funds	R0870	-
Any other liabilities, not elsewhere shown	R0880	182
Total liabilities	**R0900**	3,646
Excess of assets over liabilities	**R1000**	20,670

S.05.01.02

Premiums, claims and expenses by line of business

£'000s

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)							
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080
Premiums written									
Gross - Direct Business	R0110	12,852	-						
Gross - Proportional reinsurance accepted	R0120	-	-						
Gross - Non-proportional reinsurance accepted	R0130								
Reinsurers' share	R0140	-	-						
Net	R0200	12,852	-						
Premiums earned									
Gross - Direct Business	R0210	12,201	-						
Gross - Proportional reinsurance accepted	R0220	-	-						
Gross - Non-proportional reinsurance accepted	R0230								
Reinsurers' share	R0240	-	-						
Net	R0300	12,201	-						
Claims incurred									
Gross - Direct Business	R0310	4,044	-						
Gross - Proportional reinsurance accepted	R0320	-	-						
Gross - Non-proportional reinsurance accepted	R0330								
Reinsurers' share	R0340	-	-						
Net	R0400	4,044	-						
Changes in other technical provisions									
Gross - Direct Business	R0410	-	-						
Gross - Proportional reinsurance accepted	R0420	-	-						
Gross - Non-proportional reinsurance accepted	R0430								
Reinsurers' share	R0440	-	-						
Net	R0500	-	-						
Expenses incurred	R0550	6,535	-						
Other expenses	R1200								
Total expenses	R1300								

				Line of Business for: accepted non-proportional reinsurance				
Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	Total
C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
								12,852
								-
								-
								-
								12,852
								12,201
								-
								-
								-
								12,201
								4,044
								-
								-
								-
								4,044
								-
								-
								-
								-
								-
								6,535
								-
								6,535

S.05.01.02.02

		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										
Gross	R1410									
Reinsurers' share	R1420									
Net	R1500									
Premiums earned										
Gross	R1510									
Reinsurers' share	R1520									
Net	R1600									
Claims incurred										
Gross	R1610									
Reinsurers' share	R1620									
Net	R1700									
Changes in other technical provisions										
Gross	R1710									
Reinsurers' share	R1720									
Net	R1800									
Expenses incurred	R1900									
Other expenses	R2500									
Total expenses	R2600									

S.05.02.01
Premiums, claims and expenses by country
£'000s

		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	IE				
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110	1	11,730	1,121				12,852
Gross - Proportional reinsurance accepted	R0120	-	-	-				-
Gross - Non-proportional reinsurance accepted	R0130	-	-	-				-
Reinsurers' share	R0140	-	-	-				-
Net	R0200	1	11,730	1,121				12,852
Premiums earned								
Gross - Direct Business	R0210	-	11,070	1,131				12,201
Gross - Proportional reinsurance accepted	R0220	-	-	-				-
Gross - Non-proportional reinsurance accepted	R0230	-	-	-				-
Reinsurers' share	R0240	-	-	-				-
Net	R0300	-	11,070	1,131				12,201
Claims incurred								
Gross - Direct Business	R0310	-	3,873	171				4,044
Gross - Proportional reinsurance accepted	R0320	-	-	-				-
Gross - Non-proportional reinsurance accepted	R0330	-	-	-				-
Reinsurers' share	R0340	-	-	-				-
Net	R0400	-	3,873	171				4,044
Changes in other technical provisions								
Gross - Direct Business	R0410	-	-	-				-
Gross - Proportional reinsurance accepted	R0420	-	-	-				-
Gross - Non-proportional reinsurance accepted	R0430	-	-	-				-
Reinsurers' share	R0440	-	-	-				-
Net	R0500	-	-	-				-
Expenses incurred	R0550	-	5,652	883				6,535
Other expenses	R1200							-
Total expenses	R1300							6,535

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

S.12.01.02

Life and Health SLT Technical Provisions

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance		
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees
		C0020	C0030	C0040	C0050	C0060	C0070	C0080
Technical provisions calculated as a whole	R0010							
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020							
Technical provisions calculated as a sum of BE and RM								
Best Estimate								
Gross Best Estimate	R0030							
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080							
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090							
Risk Margin	R0100							
Amount of the transitional on Technical Provisions								
Technical Provisions calculated as a whole	R0110							
Best estimate	R0120							
Risk margin	R0130							
Technical provisions - total	R0200							

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, incl. Unit-Linked)**	Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
				Contracts without options and guarantees	Contracts with options or guarantees			
C0090	C0100	C0150	C0160	C0170	C0180	C0190	C0200	C0210

S.17.01.02
Non-Life Technical Provisions
£'000s

		Direct business and accepted proportional reinsurance						
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance
		C0020	C0030	C0040	C0050	C0060	C0070	C0080
Technical provisions calculated as a whole	R0010	-	-					
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to	R0050	-	-					
Technical provisions calculated as a sum of BE and RM								
Best estimate								
Premium provisions								
Gross	R0060	1,444	-					
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses du	R0140	-	-					
Net Best Estimate of Premium Provisions	R0150	1,444	-					
Claims provisions								
Gross	R0160	1,461	-					
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses du	R0240	-	-					
Net Best Estimate of Claims Provisions	R0250	1,461	-					
Total Best estimate - gross	R0260	2,905	-					
Total Best estimate - net	R0270	2,905	-					
Risk margin	R0280	110	-					
Amount of the transitional on Technical Provisions								
Technical Provisions calculated as a whole	R0290	-	-					
Best estimate	R0300	-	-					
Risk margin	R0310	-	-					
Technical provisions - total								
Technical provisions - total	R0320	3,015	-					
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses du	R0330	-	-					
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	3,015	-					

					Accepted non-proportional reinsurance				
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**
C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
									-
									-
									1,444
									-
									1,444
									1,461
									-
									1,461
									2,905
									2,905
									110
									-
									-
									-
									3,015
									-
									3,015

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Non-life insurance claims

Total Non-Life Business

Accident year / Underwriting year	Z0010	Underwriting Year (UY)

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

£'000s

		0	1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100	1,679	3,948	360	-	-	-	-	-	-	-	-
N-9	R0160	940	2,216	198	-	-	-	-	-	-	-	
N-8	R0170	938	2,366	200	-	-	-	-	-	-		
N-7	R0180	1,239	2,459	209	-	-	-	-	-			
N-6	R0190	1,055	2,000	248	-	-	-	-				
N-5	R0200	853	2,031	157	-	-	-					
N-4	R0210	991	2,128	139	-	-						
N-3	R0220	1,090	2,493	158	-							
N-2	R0230	1,101	2,259	256								
N-1	R0240	1,148	2,434									
N	R0250	1,341										

		In Current year	Sum of years (cumulative)
		C0170	C0180
	R0100	-	5,987
	R0160	-	3,354
	R0170	-	3,504
	R0180	-	3,907
	R0190	-	3,303
	R0200	-	3,041
	R0210	-	3,258
	R0220	-	3,741
	R0230	256	3,616
	R0240	2,434	3,582
	R0250	1,341	1,341
Total	R0260	4,031	38,634

Gross undiscounted Best Estimate Claims Provisions - Development year
(absolute amount)
£'000s

		0	1	2	3	4	5	6	7	8	9	10 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											
N-9	R0160											
N-8	R0170											
N-7	R0180											
N-6	R0190											
N-5	R0200	-	-	-	-	-	-					
N-4	R0210	-	-	-	-	-						
N-3	R0220	-	-	-	-							
N-2	R0230	-	251	-								
N-1	R0240	835	403									
N	R0250	1,070										

		Year end (discounted data)
		C0360
	R0100	
	R0160	
	R0170	
	R0180	
	R0190	
	R0200	-
	R0210	-
	R0220	-
	R0230	-
	R0240	400
	R0250	1,061
Total	R0260	1,461

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Own funds
£'000s

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	5,000	5,000		-	
Share premium account related to ordinary share capital	R0030	-	-		-	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	-	-		-	
Subordinated mutual member accounts	R0050	-		-	-	-
Surplus funds	R0070	-	-			
Preference shares	R0090	-		-	-	-
Share premium account related to preference shares	R0110	-		-	-	-
Reconciliation reserve	R0130	15,670	15,670			
Subordinated liabilities	R0140	-		-	-	-
An amount equal to the value of net deferred tax assets	R0160	-				-
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	-	-	-	-	-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	-				
Deductions						
Deductions for participations in financial and credit institutions	R0230	-	-	-	-	-
Total basic own funds after deductions	R0290	20,670	20,670	-	-	-
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	-			-	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	-			-	
Unpaid and uncalled preference shares callable on demand	R0320	-			-	-
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	-			-	-
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	-			-	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	-			-	-
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	-			-	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	-			-	-
Other ancillary own funds	R0390	-			-	-
Total ancillary own funds	R0400	-			-	-
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	20,670	20,670	-	-	-
Total available own funds to meet the MCR	R0510	20,670	20,670	-	-	
Total eligible own funds to meet the SCR	R0540	20,670	20,670	-	-	-
Total eligible own funds to meet the MCR	R0550	20,670	20,670	-	-	
SCR	R0580	7,202				
MCR	R0600	2,196				
Ratio of Eligible own funds to SCR	R0620	2.8701				
Ratio of Eligible own funds to MCR	R0640	9.4111				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	20,670
Own shares (held directly and indirectly)	R0710	-
Foreseeable dividends, distributions and charges	R0720	-
Other basic own fund items	R0730	5,000
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	-
Reconciliation reserve	R0760	15,670
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	-
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	-
Total Expected profits included in future premiums (EPIFP)	R0790	-

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Solvency Capital Requirement - for undertakings on Standard Formula

£'000s

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	5,753		
Counterparty default risk	R0020	503		
Life underwriting risk	R0030			
Health underwriting risk	R0040	2,228		
Non-life underwriting risk	R0050			
Diversification	R0060	(1,648)		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	6,836		

Calculation of Solvency Capital Requirement

		C0100
Operational risk	R0130	366
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency Capital Requirement excluding capital add-on	R0200	7,202
Capital add-on already set	R0210	
Solvency capital requirement	R0220	7,202
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

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

£'000s

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	R0010	741

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	2,905	12,852
Income protection insurance and proportional reinsurance	R0030		
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050		
Other motor insurance and proportional reinsurance	R0060		
Marine, aviation and transport insurance and proportional reinsurance	R0070		
Fire and other damage to property insurance and proportional reinsurance	R0080		
General liability insurance and proportional reinsurance	R0090		
Credit and suretyship insurance and proportional reinsurance	R0100		
Legal expenses insurance and proportional reinsurance	R0110		
Assistance and proportional reinsurance	R0120		
Miscellaneous financial loss insurance and proportional reinsurance	R0130		
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150		
Non-proportional marine, aviation and transport reinsurance	R0160		
Non-proportional property reinsurance	R0170		

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_L Result	R0200	

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

Overall MCR calculation

		C0070
Linear MCR	R0300	741
SCR	R0310	7,202
MCR cap	R0320	3,241
MCR floor	R0330	1,800
Combined MCR	R0340	1,800
Absolute floor of the MCR	R0350	2,196
		C0070
Minimum Capital Requirement	R0400	2,196