Global service
built around you

North

Solvency & Financial Condition Report 2021

North of England P&I Designated Activity Company
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Executive Summary

The Directors present the Solvency Financial Condition Report ("SFCR") for North of England P&I Designated Activity Company ("North" or "the company"), based on the financial position as at 20 February 2021.

North is an Irish domiciled insurance company that writes non-life insurance business. North was incorporated on 8th June 2018 and is regulated by the Central Bank of Ireland ("CBI") following authorisation on 31st December 2018.

This Solvency and Financial Condition Report ("SFCR") is a requirement under the Solvency II regime, a harmonised EU-wide regulatory framework for insurance companies which came into effect on 1st January 2016. The purpose of the SFCR is to provide various stakeholders (including policyholders) of the Company an insight into the overall financial condition of the Company.

This report covers certain aspects of the Company's strategic and operating activities by discussing the Company's Business and Performance; System of Governance; Risk Profile; Valuation of Assets & Liabilities; and, Capital Management, which are summarised as follows.

Business and Performance

The Company is a wholly owned subsidiary of The North of England Protecting and Indemnity Association Limited ("North UK", the parent company of "North Group"), a UK based insurance undertaking. The Company was established to allow the North Group to continue to service its Members and policyholders within the European Economic Zone post Brexit (the UK's departure from the European Union).

The Company has had a successful year, making good progress towards the strategic objective to increase its mutual and diversified income. Claims experience in the year was positive compared to the prior year despite the increased exposure, and the Company made savings in operating expenses as a result of the restrictions imposed by the Covid-19 pandemic. Overall, the Company recorded an underwriting surplus of US$12.7 million.

Refer to section A for further detail on the Company's business and performance.

System of Governance

The Company is subject to the CBI's Corporate Governance Requirements for Insurance Undertakings 2015 ("the Code"). The Company has a clearly defined governance structure for risk management. The Directors are collectively responsible for the long-term success of the Company, setting the strategic aims and ensuring that obligations to Members and others are understood and met. The Board of Directors is responsible for directing the affairs of the Company in compliance with statutory and regulatory requirements. The Board consists of 2 Executive Directors and 6 Non-Executive Directors.

Whilst the Board has ultimate responsibility for the Company's oversight and governance, Committees have been established to support the Board in this regard. The Board has approved the terms of reference for each respective Committee. These committees have the power to carry out activities on behalf of the Board to the extent such activities are set out in the approved terms of reference.

Refer to Section B for further detail on the Company's system of governance.

Risk Profile

North is committed to a structured and disciplined approach to risk management which considers, evaluates and manages risks as an integral part of the business's daily operations. The involvement of the Board in setting the direction, tone and nature of the business culture and the importance of effective risk management play fundamental roles in this.

The following is an overview of the key risks that the Company is exposed to in accordance with the Company's risk profile:

- Underwriting risk;
- Market risk;
- Credit risk;
- Liquidity risk; and,
- Operational risk

Refer to Section C for further detail on the Company's risk profile.

Valuation of Solvency II Balance Sheet

The Company's financial statements, including the balance sheet, have been prepared in accordance with IFRS as adopted by the EU and applicable law, and comply with the Companies Act 2014.

The valuation rules from the Solvency II Directive utilise International Financial Reporting Standards ("IFRS") in accordance with Regulation (EC) No 16/2002 (IFRS as adopted by the EU) unless otherwise stated within Solvency II. The valuation of assets and liabilities for Solvency II purposes at 20 February 2021 is the same as the IFRS balance sheet, with the exception of technical provisions and associated insurance and reinsurance receivables and payables, and deferred acquisition costs.

Refer to Section D for further detail on the Company's Solvency II Balance Sheet.

Capital Management

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern so that it can continue to pay claims and provide other services to Members and policyholders; and
- to ensure that there are adequate levels of capital to fulfil the regulatory requirements as well as economic and commercial targets.

For Solvency II, Own Funds are divided into levels of quality, known as tiers, depending on their loss absorbency. Tier 1 unrestricted, which is not subject to a limit, is of the highest quality, Tier 3 the lowest.

	Tier 1 US$M	Tier 2 US$M	Tier 3 US$M	Total US$M
Own Funds as at 20th February 2021	64.5	16.3	0	80.8

The calculation of the Solvency Capital Requirement ("SCR") and Minimum Capital Requirement ("MCR") for North is based on the Standard Formula model as laid out within the Solvency II Delegated Acts and other Level 2 Solvency II guidelines.

The total SCR and MCR, along with the respective coverage ratios, as 20th February 2021 are as follows:

Capital Requirement 20th February 2021	US$M	Ratio of Eligible Own Funds
SCR	32.5	248%
MCR	8.1	793%

Refer to Section E for further detail on Capital Management.

A Business and Performance

A.1 Business

Principal Activities

The principal activities of the company are the insurance and reinsurance of marine Protection & Indemnity ("P&I"), Freight, Demurrage & Defence ("FD&D") and War Risks on behalf of Members. The company also underwrites Hull, P&I, Personal Accident and Aquaculture business for its policyholders.

Strategy

North's purpose is to enable our Members to trade with confidence, and North's vision statement is to be the Club of choice. The Directors have developed four strategic goals to further the vision over the next five years as follows:

- Increase our mutual and diversified income
- Be a leader in all our key service and product areas
- Build our financial strength and standing in the International Group
- Empower our people to develop, and connect responsibly with our communities and the environment.

Key Performance Indicators ("KPIs") have been identified against which management report to the Board on a regular basis to monitor the achievement of these strategic goals.

A.2 Performance from Underwriting Activities

The Company commenced underwriting in the prior year. Written premiums increased from US$135.2 million to US$158.1 million. Premium written by business segment is as follows:

	2021 US$M	2020 US$M
P & I	119.2	108.9
FD & D	8.8	10.3
War	0.1	0.1
Fixed Premium	30.0	15.9
	158.1	**135.2**

The company declared a 7.5% general increase for P&I mutual business at the 20 February 2020 renewal, and this combined with a growth in tonnage at renewal and through the policy year has contributed to an increase of premium for the mutual business of US$8.8 million. The Company launched the fixed premium P&I product line in the prior year, and the North Hull product line during the current financial year, and those business lines, together with growth in the fishing vessels and small craft and aquaculture lines, contributed to an increase in diversified income of US$14.1 million compared to the prior year.

The Covid-19 pandemic has had a noticeable impact on the cost of claims during the 2020/21 policy year. The underwriting result for the year will largely depend on the incidence of large claims reported for the mutual classes of business (those in excess of US$1 million). At the twelve-month development point of the 2020 policy year there have been 12 claims reported in excess of US$1 million compared to 22 claims at the same development point of the 2019 policy year. In addition, whilst we have seen an increase in the number of claims below US$1 million, the value of Member claims is lower than in the prior year. The Company's parent, North, is one of the thirteen members of the International Group of P&I Clubs (IG) which, between them, provide liability insurance for over 90% of the world's deep-sea ship owners. The Company is an Affiliated Association of the parent, and also a member of the IG, and as a result participates in the IG Pooling Agreement, through which the thirteen Clubs pool claims in excess of US$10 million and buy very high levels of reinsurance. The first half of the policy year saw an unprecedented level of activity on the IG pool, and whilst the second half of the year saw a return to a more typical experience, it remains an unusually expensive pool year. Overall, gross claims have reduced from US$220.0 million to US$214.9 million, with net claims reducing from US$12.2 million to US$4.7 million.

Operating expenses have increased only slightly, from US$10.1 million to US$10.4 million, despite the significant growth in premium. Restrictions imposed by the pandemic, including delays to planned recruitment and a reduction in travel costs, resulted in a reduction in the expense ratio (the ratio of operating expenses to premium) compared to the prior year.

There was an overall underwriting surplus of US$12.7 million, compared to US$0.5 million in the prior year.

A.3 Performance from Investment Activities

The Company's investment strategy is designed to ensure the safety of the principal investment, generating a reasonable total rate of return, whilst complying with the Company's risk appetite and investment guidelines. The portfolio generated a surplus of US$1.8 million in the year (2020: US$2.2 million).

A.4 Performance of other activities

The Company recorded a small exchange loss in other comprehensive income for the period, which combined with a surplus after tax of US$12.1 million saw the free reserve of the business increase by US$11.4 million from US$55.2 million at 20 February 2020 to US$66.6 million at 20 February 2021.

A.5 Any Other Information

On 11 March 2020, the World Health Organisation declared the outbreak of Covid-19 as a pandemic. North's primary concern from the Covid-19 pandemic continues to be for the health and wellbeing of all those associated with the Club. The Company has been following the applicable guidance in all the global locations in which it operates in terms of employees working from home where necessary. Following an extended period of operating under these conditions we have demonstrated that our operations can continue indefinitely without access to our usual office locations and the Company continues to serve its Members and policyholders on a business as usual basis.

B System of Governance

B.1 General Information

The Directors are collectively responsible for the long-term success of the Company, setting the strategic aims and ensuring that obligations to Members and others are understood and met.

The Board of Directors is responsible for directing the affairs of the Company in compliance with statutory and regulatory requirements. The Board consists of 2 Executive Directors and 6 Non-Executive Directors. The Directors have a Risk Committee and an Audit Committee with terms of reference approved by the Board.

The system of governance adopted is considered appropriate for the nature, scale and complexity of the risks inherent in the business.

B.2 Fit and Proper Requirements

The company has a policy which is owned by the Board of Directors and is reviewed annually. The policy requires that prior to approving the appointment of any candidate as a Controlled Function holder, the Board of Directors must take appropriate steps to ensure that the candidate is fit and proper to perform the relevant role or function. This assessment includes, but is not limited to, confirmation that the candidate:

- has the appropriate personal characteristics;
- possesses the required level of competence, knowledge and experience;
- has the relevant qualifications; and
- has undergone or is undergoing all training required to perform the role or function effectively and in accordance with all relevant requirements.

The policy also sets out that the Board of Directors must review and confirm annually whether the Controlled Function holders meet, and continue to meet, the applicable requirements.

The goals pursued by this policy are to:

- Ensure that the company complies with all applicable laws, regulations and prudential standards (“Requirements”) relating to the fitness and probity of persons who effectively run and/or perform a key or designated function for that undertaking (“Responsible Persons”);
- Clearly describe the procedure for assessing the fitness and probity of Responsible Persons, both when being considered for the specific position and on an on-going basis;
- Clearly describe the situations that give rise to a re-assessment of applicable Requirements;
- Clearly describe the company’s procedure and internal standards for assessing the skills, knowledge, expertise and personal integrity of other relevant personnel not subject to Requirements, both when being considered for the specific position and on an on-going basis.

The Head of Compliance is responsible for monitoring all Requirements on an on-going basis in order to identify any matters which necessitate the Requirements to be reassessed and updates the North Company Secretary as appropriate. The Requirements shall be reassessed in the event of the following:

- any change or proposed change to the relevant laws, regulations and prudential standards in any jurisdiction where the company conducts business;
- the company commencing or proposing to conduct business in any jurisdiction where it does not currently do so.

This policy is reviewed on an annual basis by the North Company Secretary and upon notification of any change or proposed change noted above.

Approved Persons

North maintains a Management Responsibilities Map (Appendix 1), setting out details of all approved persons. This map includes the regulatory structure of the group and identifies the reporting lines applicable to all approved persons.

B.3 Risk Management System including the Own Risk and Solvency Assessment (ORSA)

Risk Culture

The company's aim is to embed a strong culture of risk management at all levels within the organisation, so that all members of staff understand their role and its relationship to risk management. The Risk and Compliance department engages throughout the business to ensure that the risk management and ORSA framework are understood at all levels.

Board Oversight of Risk Management

The Board is responsible for setting strategy – including target capital coverage – and for establishing risk appetite which is expressed in the Board's risk appetite statements. The Board is also responsible for putting in place systems of governance around risk management and has ownership of the ORSA framework and documentation.

Risk Committee

The Board has established a Risk Committee ("RC") to which it has delegated key responsibilities within the ORSA framework. The scope of the RC's responsibilities includes the following key areas:

Governance: Oversee the integration of risk management and ensure the framework is aligned with its strategic objectives. Review the risk management framework including its documentation and related policies and procedures.

Regulatory: Review the company's regulatory position, the outcome from regulatory assessments, regulatory breaches and mitigating actions or responses.

Risk appetite: Review and make recommendations in respect of risk appetite.

Risk policies: Review the company's risk policies and policies in respect of compliance with legal obligations.

Risk identification, measurement, control and reporting: Oversee the production and maintenance of risk registers and assess the appropriateness of risk management controls including controls over illegal acts. Set appropriate risk indicators, monitor and review risk reporting against risk indicators and review mitigating actions for reporting exceptions. Review risk profiles against the Board's risk appetite.

Investment risk: Oversight of investment risk including compliance with the Board's agreed appetite for investment risk and ensuring that investment management and decisions are within the framework agreed by the Board for managing investment risk including market and counterparty risks.

Capital management : Review the method of assessment of capital requirements and the outputs of those processes.

Stress tests and reverse stress tests: Review stress tests and reverse stress tests and assess their adequacy and effectiveness in testing the robustness of the company's business model.

ORSA assessment: Review ORSA documentation, assess its adequacy and effectiveness in capturing the ORSA system and its outputs and assess its compliance with regulatory requirements.

Enterprise Risk Management Committee

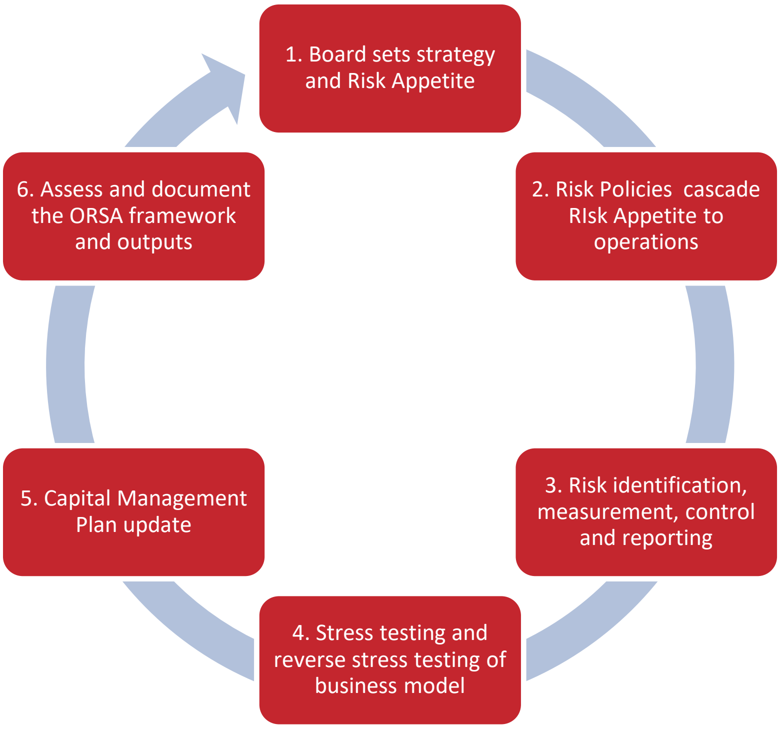
To ensure sound risk management principles and practices are embedded within the business, management have formed an Enterprise Risk Management committee ("ERM committee"). This committee meets at least three times each year and its responsibilities broadly follow those of the RC but at a more granular management level. This committee is chaired by the Group's Chief Risk Officer and attended by the Company's CEO and Risk and Compliance Officer.

Reserving Committee

Management have formed a Reserving Committee with a specific remit to review and approve the technical provisions included in the financial statements of the Company each year. It is also responsible for reviewing the methodology and assumptions adopted in the calculation of the Solvency II technical provisions and monitoring the Company's response to any findings and recommendations made by the Head of Actuarial Function. The Reserving Committee is chaired by the Corporate Actuary and attended by the Company's CEO and risk staff.

Risk Management Framework

The risk management framework that has been developed over several years by the Group and is applied to the Company is summarised below. The process operates as a feedback loop and reflects the requirement to reconsider strategy and risk appetite in view of risk assessment, results and capital requirements. Each step in the cycle may be iterative and may be revisited as a result of the outputs of subsequent steps.



The core elements of the steps above are as follows:

Core Element	Description
Board sets strategy and risk appetite	Quantitative parameters set for each primary category of risk – underwriting, market and operational. A total overall risk limit set as an absolute amount at a 1 in 20 year probability. Target capital coverage established as a range by reference to the overall risk limit.
Risk policies cascade risk appetite to operations	Set out the operational response to the Board's risk appetite for risk within underwriting, reinsurance, investment, operations and capital management. Establish documentary link between risk appetite and operational processes and procedures. Separate policies to support other areas of internal governance covering internal audit, valuation of assets and liabilities, remuneration and outsourcing.
Risk identification, measurement, control and reporting	**Risk register** Central repositories for all risks identified by the company. Constructed on the basis of "key" risks comprising of sub-risks and risk components. Responsibility for the oversight of each key risk is assigned to an individual risk owner. Key controls identified for all risks with the accepted risk treatment (prevent, mitigate or accept). **Emerging risk protocol** Process for risk identification by anybody within the organisation.

	Assessment of potential impact, mitigation in place or required and changes required to the risk register. **Risk tolerance and risk indicators** Risk indicators are assigned to each risk and sub-components as agreed with risk owners. Risk owners report quarterly on their risk indicators to the ERM Committee and the Risk Committee. **Risk profile** Calculation performed independently of risk owners to provide segregation in the process. Variety of actuarial (statistical or mathematical) and practical techniques employed. Correlation applied between risks and risk categories to reach overall assessment. Assessment at a 1 in 20-year probability represents the position against the Board's stated risk appetite.
Stress testing and reverse stress testing of business model	A combination of adverse scenarios identified by the Risk function, the Board or the RC and those set by regulators are assessed. Stress tests assess the impact of adverse scenarios on the company's business model. Reverse stress tests ascertain the circumstance which could cause the business model of the company to fail.
Capital management plan update	Performed on a commercial basis and for each relevant jurisdiction on a regulatory basis. Outputs are forecast free reserves, regulatory capital (own funds or local equivalents), minimum and solvency capital requirements (or local equivalents) and rating agency capital calculations.
Assess and document the ORSA framework and outputs	Brings together the above features to assess the Company's risk and solvency position against its key strategic goals.

ORSA

The company has in place an ORSA policy. The purpose of this policy is to set out the processes and methodologies for carrying out the ORSA.

Each ORSA process takes place as part of the company's annual strategic and capital management cycle. Overall responsibility for oversight of the process rests with the Risk and Compliance Officer. Final review, approval and sign-off is undertaken by the ERM committee, the RC and the Board itself.

The numeric element of the ORSA process begins its cycle following the Board's approval of the updated business plan in November, with an updated ORSA report presented to the February Board meeting.

The ORSA process assesses the company's 5-year business plan.

B.4 Internal Control System

The company has a robust system of internal controls which is designed to provide reasonable assurance that its financial reporting is reliable, it is compliant with applicable laws and regulations and its operations are effectively controlled. The directors are ultimately responsible for overseeing and maintaining the adequacy and effectiveness of the risk management and internal control systems. In practice, the oversight and management of these systems necessarily involves Board committees, members of senior management and the risk, finance and compliance teams.

Internal controls are documented in the company's policies and procedure manuals, covering all applicable regulatory requirements and core areas of operation. They are also summarised in the risk register, which ensures they are appropriate for use in managing the risks faced by the company to within the documented risk appetite.

The key elements of the company's internal control framework are:

Corporate governance: sets out how people and committees are organised and managed to support strategic and operational objectives.

Planning and budget process: supports the implementation and monitoring of corporate strategy.

Risk management: facilitates the identification, assessment, mitigation and reporting of risk.

Compliance: monitors compliance with legal and regulatory requirements, identifies and monitors the control of legal and regulatory risks.

Control policies and processes: govern the management and oversight of key risks.

Information and communication: used to assess whether the components of control are present and functioning, identifies control deficiencies to those responsible for taking corrective action.

Assurance: reporting on the effectiveness of internal controls.

Risk and Compliance Functions

The Risk and Compliance Officer leads the Risk and Compliance functions and formally reports to the RC at least three times each year. The Risk and Compliance Officer has a direct and independent line of contact to the RC and the Board of Directors at any time.

Key activities undertaken by the company's Risk and Compliance functions are summarised as follows:

Identifying & Assessing	• Assess relevant risks and controls • Determine applicable requirements • Make initial assessment of risk valuation and identify risk limits
Monitoring & testing	• Monitor policies and procedures and compliance with them • Liaising with other internal control functions to ensure co-ordinated approach • Monitoring of risk valuations and risk triggers compared to set limits • Stress testing and risk scenario analysis
Advising (Including Regulatory)	• Provision of relevant advice and training • Interaction with worldwide regulators • Proposals for risk appetite and tolerance limits
Reporting	• Reporting on activities to relevant Board committees and, ultimately, the Board.

B.5 Internal Audit Function (Outsourced)

The company outsources its Internal Audit function to PricewaterhouseCoopers. The relationship is governed by a detailed engagement letter, charter and plan. The scope of the internal audit programme is to determine whether the risk management, control and governance processes, as designed and represented by management, are adequate and functioning in a manner to ensure that:

- Risks are appropriately identified and managed;
- Interaction with the various governance groups occurs as needed;
- Significant financial, management and operating information is accurate, reliable and timely;
- Employees' actions are in compliance with policies, standards, procedures and applicable laws and regulations;
- Resources are acquired economically, used efficiently and adequately protected;
- Programs, plans and objectives are achieved;
- Quality and continuous improvement are fostered in the company's control process;
- Significant legislative or regulatory issues impacting the company are recognised and addressed properly; and
- Consistency of standards and approach across the various elements and companies within the Group of which the company is a part.

In addition, the Internal Audit function can be asked by the business, the second line of defence or the Board to carry out specific one-off tasks where its knowledge and expertise can be utilised without compromising its independence. All internal audit work results, including one-off tasks, are reported to the Audit Committee.

Independence and objectivity from the activities that Internal Audit reviews is achieved by ensuring that:

- There is a direct line of reporting to the Audit Committee;
- All internal audit activities are free of influence from anyone in the organisation, including matters of audit selection, scope, procedures, frequency, timing or report content;
- Members of the Internal Audit function are able to meet with the Audit Committee on request of the Board or Audit Committee;
- The function has the necessary skills and resources required to deliver the internal audit plan;
- Internal Audit has the authority to audit all parts of the business; and
- Internal Audit has full and complete access to all information, records, facilities and personnel relevant to the performance of an audit.

B.6 Actuarial Function (Outsourced)

The Actuarial Function is outsourced to ensure appropriate levels of technical resource and expertise are available to the company at all times. The Actuarial Function is currently outsourced to Lane Clark & Peacock.

The outsourcing provider provides a Head of Actuarial Function, as defined by CBI rules. This appointment is approved by the Board and subject to review, on an on-going basis, in accordance with the company's policy and procedures concerning the fitness and propriety of regulated function holders.

The Actuarial Function is independent of other functions and is constituted by individuals who have a sufficient level of independence from the company's senior management team. The Actuarial Function is appointed by, and reports to, the RC.

The key areas of responsibility for the Actuarial Function include:

Technical provisions: Co-ordinating the calculation, ensuring the appropriateness of methods, assumptions, data and models used, and informing the Board of the reliability and adequacy of the calculation.

Expressing an opinion on the overall underwriting policy: This includes an assessment of the sufficiency of premiums, underwriting policies and processes, profitability and volatility within underwriting and pricing models.

Expressing an opinion on the adequacy of reinsurance arrangements: This includes an assessment of the reinsurance programme and security, evaluation of alternative reinsurance programmes, calculation of reinsurance recoveries in technical provisions and the ORSA and reinsurance policies.

Contribution to risk management: with particular focus on the appropriateness of risk modelling underlying the calculation of capital requirements and the opinion on the ORSA process.

The Actuarial Function is required to report on its findings in each of the four areas above as a minimum, on an annual basis. The component reports are produced for each of these areas at the time that the analysis is completed. These component reports are then combined into an annual aggregate report which includes comments on the Actuarial Function's contribution to the company's risk management system.

B.7 Outsourcing Arrangements

The company has chosen to outsource some of its operational functions and activities in order to take advantage of economies of scale and external expertise. The activities primarily affected by this arrangement are the Actuarial and Internal Audit functions as described above. The company also has an outsourcing arrangement with North Group Services Limited, a fellow subsidiary of North UK which makes employees available to the company and other companies in the North Group as required.

The company has adopted an Outsourcing Policy which establishes a prudent risk management framework in relation to the management of outsourced arrangements and ensures compliance with relevant regulatory requirements. The Policy covers the entire outsourcing lifecycle, from identifying the need for outsourcing through relationship management and oversight, including performance measurement and reporting, and provides processes to effectively manage the risks associated with outsourcing relationships.

B.8 Any other Information

None.

C Risk Profile

Overview

The company operates a low risk business model that is supported by a robust risk management framework which ensures risks are well understood and controlled. Policies and procedures are in place to ensure risks are managed within the Board's risk appetite.

A breakdown of the valuation of risks within the SCR is included within section E2.

Risk Profile Drivers and Measures

An overview of the principal risks associated with the company's business including an outline of how each is managed follows. Risks are recorded in the risk register and are allocated to risk categories which are aligned to the Board's risk appetite statements. For internal risk valuation purposes, risks are valued across a range of probabilities by combining both actuarial and practical techniques. Our risk profile is calculated by our stochastic capital model, providing a consistent presentation of the possible deviation from business plan expectation for all risks. Meetings with risk owners take place to discuss the valuation of their risks.

For premium risk, we calculate model parameters based on our own claims history to set claims value and volatility expectations. Resulting parameters are incorporated into our stochastic capital model alongside our current reinsurance programme to calculate the range of future net claims (after reinsurance).

The modelling of reserving risk is based on our own claims history and takes into account our reinsurance programme.

Market risk for investment assets is provided by our investment advisors through an economic scenario generator (ESG). This information feeds directly into our stochastic capital model.

Some risks, for example most operational risks, facing the company are not quantifiable using statistical or mathematical techniques. These risks are considered individually to assess their possible risk valuations across a range of likelihoods.

At each selected probability point (e.g. a likelihood of one in twenty years), the relevant individual risks within each risk category (underwriting, market and operational) are correlated to provide values against the risk appetite statements. These figures are further correlated between risk categories to provide an overall value to compare to the risk limit shown in the statement of Board risk appetite.

Stress and Scenario Testing

The stress and scenario framework is an important part of the Company's risk management framework and is applied to a range of business processes to assist management and the Board in understanding the potential vulnerabilities within the business model and business plans. This approach is overseen by the RC and is designed to provide qualitative and quantitative information on the implications arising from specific adverse scenarios, including any mitigating actions available.

There are three main elements to the stress and scenario framework:

Sensitivity testing involves looking at the impact on the company's business model of changing a single business plan assumption.

Stress and scenario testing involves changing a number of business plan assumptions at once to reflect a stressed but plausible economic or business scenario.

Reverse stress testing involves consideration of scenarios which could render the company's current business model unviable.

C.1 Underwriting Risk

The company issues contracts that transfer insurance risk. The principal risk the company faces under insurance contracts is that actual claims payments or the timing thereof, differ from expectations. This risk is influenced by pricing, the frequency of claims, severity of claims and the subsequent development of long-tail claims or latent claims.

In addition, the company faces the risk of a catastrophic loss event, where the likelihood of the claim occurring is classified as extremely remote. This equates to a claim with a 1 in 200 year chance of occurring.

North's underwriting strategy is to seek a diverse and balanced portfolio of risks in order to limit the variability in outcomes. In particular business is spread across vessel types and sizes. Underwriters calculate premiums for each risk written on a range of criteria, including (but not limited to) financial exposure, loss record, risk characteristics, limits and deductibles. The company also recognises that insurance events are random by nature and that the actual number and size of events may vary from those estimated using established statistical techniques.

The objective of the company is to ensure that risks are mitigated to a level within the statement of risk appetite approved by the Board. In order to achieve this, the controls operated by the company include:

- Comprehensive reinsurance programme covering both vertical risk (one claim of a very high individual value) and horizontal risk (where many claims accumulate to a high value);
- Experienced underwriters operating to detailed procedural guidance, established authority limits and appropriate management review;
- Regular review of claims reserves, both for individual claims and in the aggregate;
- Monitoring of the claims environment to ensure that changes which could influence the future valuation of claims are recorded and accounted for; and
- Setting of overall technical provisions at a prudent percentile of confidence in accordance with the reserving policy approved by the Audit Committee and the Board.

Each of these mitigation techniques is monitored regularly to ensure that there have been no changes within the book of business or the insurance market which would render them ineffective or significantly less effective. In addition, regular monitoring of compliance with internal controls takes place to ensure their continuous effectiveness.

There are no material underwriting risk concentrations for North.

C.2 Market Risk

Market risk is the risk that the value of the company's assets, liabilities or income from its assets may fluctuate due to market movements. Sources of general market risk include movements in interest rates (interest rate risk), exchange rates (currency risk) and asset prices (price risk) – all are further detailed below. It is important to note that none of these sources of risk is independent of the others.

The guiding principle for North's investment risk management, including market risk, credit risk and liquidity risk, is the Prudent Person Principle. (as articulated in the EU's Solvency II EUDirective) In particular:

- Investment risks have been confirmed as 'ancillary' to those associated with the writing of insurance business, and defined as such within the Board's risk appetite;
- Some investment activities, such as day to day investment management, are outsourced to expert managers and advisers, although the Risk Committee remains responsible for the investment risk undertaken by the company;
- Investment parameters specify detailed quantitative restrictions for all mandates; and
- The use of derivatives is strictly controlled and monitored.

Market risk is managed by adjusting the allocation to asset classes to reflect the investment risk appetite approved by the directors. The concentration of investments into any one asset is also restricted.

Monitoring of the risk position compared to risk appetite takes place regularly using information from investment managers and custodians, specific value at risk models and economic scenario generators. Risk concentrations are captured using the 'look through' facilities within these models.

Currency Risk

Currency risk is the risk that the fair value of future cash flows of assets and liabilities will fluctuate because of changes in foreign exchange rates. The Company operates internationally and its exposures to foreign exchange risk arise primarily with respect to the Euro but also UK Sterling and other global currencies. The asset allocation policy applied to the investment portfolio contains provisions for matching of assets and liabilities by currency to mitigate exposure to currency risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk arises primarily from the nature and term of investments held and is managed through the buying and selling of appropriate fixed interest securities of different durations.

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The company manages its exposure to price risk by setting constraints on its investments and by limiting its investments in each country, sector and market. Market valuations are obtained on a regular basis.

C.3 Credit Risk

Credit risk is the risk that a counterparty will cause a financial loss for the company by failing to discharge an obligation. This risk arises principally on the company's financial assets, including investments, reinsurance recoveries and premium receivables.

Investment related credit risk is managed through the board-approved investment guidelines issued to the investment managers. The guidelines impose strict diversification limits by credit rating, maturity and per issuer.

Non-investment related credit risk is managed through monitoring of overdue receivables from policyholders on a regular basis, and by the requirement for all reinsurers providing security on the company's reinsurance programme to comply with a minimum rating requirement.

C.4 Liquidity Risk

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. Liquidity risk is managed in accordance with the Company's Liquidity Policy by maintaining adequate reserves and banking facilities and ensuring that the spread of investments across short, medium and long term funds will enable any short term funding requirements to be met.

Liquidity is continuously monitored by review of actual and forecast cash flows and the company has negligible liquidity risk in normal business circumstances. Premiums will be received well in advance of liabilities and most assets are traded in extremely liquid markets so that funds are available from the sale of these without material discount in all but the most extreme cases.

The liquidity position is monitored under stressed scenarios which include major claim events and reductions in market liquidity.

C.5 Operational Risk

The company is exposed to operational risk, defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. In particular this includes the risk of business disruption, of compliance or regulatory breaches, or of poor service delivery, any of which could result in damage to the company's reputation and reduce its ability to meet its stated objectives.

Primary responsibility for the development and implementation of controls to address operational risks rests with senior management. The main operational risks identified relate to compliance with legal and regulatory requirements and those related to business continuity and provision of IT services, including information security. These risks are separately identified within the risk register. There is no specific concentration of risk in this category.

Operational risk controls are many and varied given the wide range of possible causes, including controls in the following areas:

- Regular review of service delivery standards and prompt investigation of potential shortfalls in service delivery;

- Dedicated risk and compliance department with access to appropriate professional advice;
- Business continuity planning and regular testing of recovery plans;
- Information security assessments including cyber risks, detailed gap analysis, and roll out of updated procedures and policies;
- Dedicated human resources department ensuring appropriate monitoring of recruitment and performance of staff members of North Group Services, through which employees are provided to North; and
- Monitoring of monthly financial results and comparison of results to budget and forecast.

C.6 Other material risks

None.

C.7 Any other Information

Covid-19

The Company continues to monitor the implications of the Covid-19 pandemic. Given the nature of the risks underwritten by the Company, the Company has not been adversely impacted by the pandemic. The Company acknowledges the unprecedented economic uncertainty resulting from the pandemic and has taken this into account when developing its strategic objectives and business plans. The Company's ORSA has also considered the on-going uncertainties arising from the pandemic.

D Valuation for Solvency Purposes

D.1 Assets

Assets are recognised and measured for Solvency II purposes consistently with the IFRS financial statements. Solvency II asset valuations also follow the IFRS financial statements where those financial statements provide a market consistent valuation. The only areas where the financial statements do not provide a market consistent valuation at the reporting date are technical provisions and deferred acquisition costs.

The following table sets out the value of the company's assets at 20th February 2021 and 20th February 2020:

	20 February 2021		20 February 2020	
	IFRS Assets US$M	Solvency II Assets US$M	IFRS Assets US$M	Solvency II Assets US$M
Investments	58.9	58.9	42.2	42.2
Reinsurance recoverables	286.2	263.2	163.9	148.3
Receivables	19.5	5.6	25.0	7.9
Deposits, Cash and cash equivalents	27.1	27.1	8.6	8.6
Other assets	3.3	0.3	1.7	0.1
Total Assets	**395.0**	**355.1**	**241.4**	**207.1**

The company's assets are recognised and valued using the following principles:

Investments

All of the company's financial investments are traded on mainstream exchanges and included in the financial statements at fair value, which is consistent with Solvency II valuation requirements. Fair value is determined based on published quotes in an active market. A market is regarded as active if quoted prices are readily available from a broker, dealer, exchange, pricing service, industry group or regulatory agency.

Reinsurance Recoverables

In the Solvency II balance sheet reinsurance recoverables are valued as part of the net technical provisions (see D.2 Technical Provisions). Reinsurance recoverables represent amounts receivable from external reinsurers under the company's reinsurance programme. The programme consists of both excess of loss, stop loss and quota share reinsurance arrangements. In addition, the company participates in the International Group pooling arrangement, including market reinsurance bought by the pool, and benefits from its arrangement with the Hydra North Cell.

Receivables

Insurance and reinsurance receivables are valued separately in the IFRS financial statements but certain items are considered as a component of the future cash flow projections used to value technical provisions for Solvency II purposes. An adjustment is also made to remove prepayment balances from the Solvency II balance sheet.

Deposits, Cash and Cash Equivalents

Cash and deposits are included in both the IFRS financial statements and for Solvency II purposes at their fair value. Deposit amounts are disclosed separately from cash and cash equivalents in the quantitative reporting templates.

Other assets

Other assets on the IFRS balance sheet consists of is property, plant and equipment and deferred acquisition costs. Deferred acquisition costs do not have any value on the Solvency II balance sheet, as there are no future cash flows associated with them.

D.2 Technical Provisions

The following table sets out the value of the company's net technical provisions ("TPs") at 20th February 2021 and 20th February 2020.

	20 February 2021		20 February 2020	
	IFRS TPs US$M	Solvency II TPs US$M	IFRS TPs US$M	Solvency II TPs US$M
Gross Technical provisions	286.3	267.5	165.8	149.7
Reinsurance recoverables	(286.2)	(263.2)	(163.9)	(148.3)
Risk margin	N/a	5.5	N/a	3.9
Net Technical Provisions	**0.1**	**9.8**	**1.9**	**5.3**

The company calculates its technical provisions separately in relation to business written under the Marine, Aviation and Transport (P&I, FD&D, Hull and Personal Accident classes of business) and the Fire and other damage to property (Aquaculture) Solvency II lines of business. The company values TPs using the methodology prescribed by the Solvency II Directive and the Regulations made under that Directive. The TPs are made up of a best estimate of the claims, premiums and expense cash flows, which are then discounted to arrive at the necessary provisions. A specific risk margin is then added.

Similarly to the IFRS financial statements, there are a number of uncertainties inherent in the calculation of Solvency II technical provisions. The cash flows ultimately required to settle the net technical provisions are sensitive to a number of factors that can only be known for certain at the conclusion of a claim.

Claims

Gross and net claims are projected to their ultimate cost using standard actuarial techniques including chain ladder modelling. Claims cash flows are calculated on a best estimate basis which involves removing the allowance for prudence allowed for in the IFRS financial statements.

Premiums

Future premiums receivable and reinsurance premiums payable in respect of incepted business are taken from the IFRS balance sheet. They are then split between premiums on earned business which are included in the claims provision, and premiums on unearned business which are included in the premiums provision.

Expenses

Allowance is made for the expenses that will be incurred in managing the run-off of the technical provisions at the balance sheet date. Claims handling, policy administration, depreciation, investment management and an element of overhead expenses are included in the provision. Some of these expenses are additional to those included in the calculation of the claims handling reserve in the IFRS financial statements.

Bound but not Incepted (BBNI) Business

Most of the company's insurance business is underwritten with an inception date of 20 February, meaning that at the year-end valuation date there is a significant amount of BBNI business. Provision is made for the future cash flows in relation to this business considering premiums, expected claims, and associated expenses expected to be incurred in the management of that business. This BBNI business is not included in the IFRS valuation of technical provisions.

Events not in Data (ENID)

Events not in data are modelled based on scenarios estimating the development of latent claims for an as yet unknown industrial disease, based in part on the development of asbestosis claims historically, and the modelling of a cyber attack. This modelling results in a percentage loading which is then added to both earned and unearned business to allow for ENIDs. No such provision is made in the IFRS valuation of technical provisions.

Reinsurer Bad Debt

The technical provisions include an allowance for reinsurer bad debt at the expected value based on reinsurance amounts outstanding, their duration, and the credit rating of the reinsurance counterparties.

Projected Cash Flows

Projected cash flows are estimated by applying historical payment patterns to the estimates of ultimate claims, premiums and expenses.

Discounting

Projected cash flows are discounted using the EIOPA prescribed risk-free interest rate term structure applicable to each currency for which technical provisions are calculated. IFRS technical provisions are not discounted.

Risk margin

The risk margin is calculated as the cost of capital for an insurer taking on the technical provisions of the company at the valuation date and running the provisions off to zero. The company's SCR is recalculated at the valuation date and one year later on a run-off basis and is then projected forward on the assumption that the SCR runs-off in proportion to the best estimate technical provisions. A cost of capital of 6% is then applied to the SCR at each future date, with the corresponding costs discounted back to the valuation date to reflect the time value of money.

D.3 Other Liabilities

The following table sets out the value of the company's other liabilities at 20th February 2021 and 20th February 2020:

	20 February 2021		20 February 2020	
	IFRS Liabilities US$M	Solvency II Liabilities US$M	IFRS Liabilities US$M	Solvency II Liabilities US$M
Payables	42.1	17.6	20.5	0.1
Total other liabilities	**42.1**	**17.6**	**20.5**	**0.1**

The company's other liabilities are recognised and valued for Solvency II purposes on the same basis as the IFRS financial statements.

D.4 Alternative Valuation Methods

None

D.5 Any other Information

None.

E Capital Management (Audited)

E.1 Own Funds

The company has a simple capital structure. IFRS balance sheet reserves comprise only tier 1 items being ordinary share capital and a capital contribution from the parent company that has been approved as tier 1 capital by the CBI.

In addition to basic own funds, during the year the company received CBI approval for the recognition of ancillary own funds (“AOFs”). These are included as tier 2 own funds. AOFs represent an allowance reflecting the Company’s ability to make additional premium calls on its members in the event of a shortfall. The amount that can be included is calculated as a percentage of Member’s P&I premium making an appropriate allowance for default risk, or, if lower, an amount equal to 50% of the SCR. The current approval for AOFs was granted on 18 December 2020 and expires on 31 December 2022. In the event of an additional call, the additional own funds raised would form part of the company’s surplus and be included in tier one capital.

The company’s objective with respect to the management of own funds is to ensure that sufficient resources are available to cover 120% of the SCR at any point in time. The company uses a five year planning horizon when managing own funds to ensure this level is maintained at all times.

Solvency II Own Funds at 20th February 2021 and 20th February 2020 are shown in the table below:

	20 Feb 2021 US$M	20 Feb 2020 US$M
Ordinary share capital	4.2	4.2
Capital contribution from parent	48.0	48.0
Income & expenditure account	14.4	3.0
Total IFRS Resources	**66.6**	**55.2**
Solvency II adjustments	(2.1)	(1.8)
Solvency II Excess of Assets over Liabilities (Tier 1 Own Funds)	**64.5**	**53.4**
Ancillary Own Funds (Tier 2)	16.3	-
Solvency II Own Funds	**80.8**	**53.4**

Solvency II Adjustments

All differences included as Solvency II adjustments relate to the valuation differences for assets and liabilities relative to the financial statements as set out in Section D Valuation for Solvency purposes.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

The following table shows an analysis of the company’s SCR split by risk modules at 20th February 2021 and 20th February 2020:

	20 Feb 2021	20 Feb 2020
	US$M	US$M
Market risk	7.9	2.9
Counterparty default risk	15.8	14.8
Underwriting risk	8.9	4.4
Diversification	(7.6)	(3.6)
Basic SCR	**25.0**	**18.5**
Operational risk	7.5	5.5
Solvency Capital Requirement	**32.5**	**24.0**

The increase in each element of the SCR calculation is consistent with the continuing growth of the Company, and in particular its balance sheet, at the end of only the second year of underwriting.

An annual assessment of the appropriateness of the standard formula SCR to North has been carried out. The last review, completed in November 2020, confirmed that the SCR was appropriate for all risks identified by the company and included in its own risk profile.

Amount of the MCR

The MCR calculation is based on the net value of technical provisions and net premiums earned. The result of the calculation is then subject to a floor and a cap, of 25% and 45% of the SCR respectively. Additionally, should the calculated cap be lower than the absolute floor (set by EIOPA) then the MCR is set equal to the absolute floor. At 20th February 2021 and 20th February 2020, the calculated MCR is below the level of the floor based on the SCR, and the MCR has therefore been set at 25% of the SCR (US$8.1 million; 2020: US$6.0 million).

Coverage of the MCR and SCR

	20 Feb 2021	20 Feb 2020
Coverage of SCR	**US$M**	**US$M**
Capital resources	80.8	53.4
SCR	32.5	24.0
Coverage	48.3	29.4
% Coverage	248%	223%
Coverage of MCR		
Capital resources	64.5	53.4
MCR	8.1	6.0
Coverage	56.4	47.4
% Coverage	793%	890%

E.3 Use of the Duration-Based Equity Risk Sub-Module in the Calculation of the SCR

The company does not use the duration-based equity risk sub-module for the calculation of its SCR.

E.4 Differences between the Standard Formula and Any Internal Model Used

The company does not use an internal model to calculate any part of its SCR.

E.5 Confirmation of Compliance with the SCR & MCR

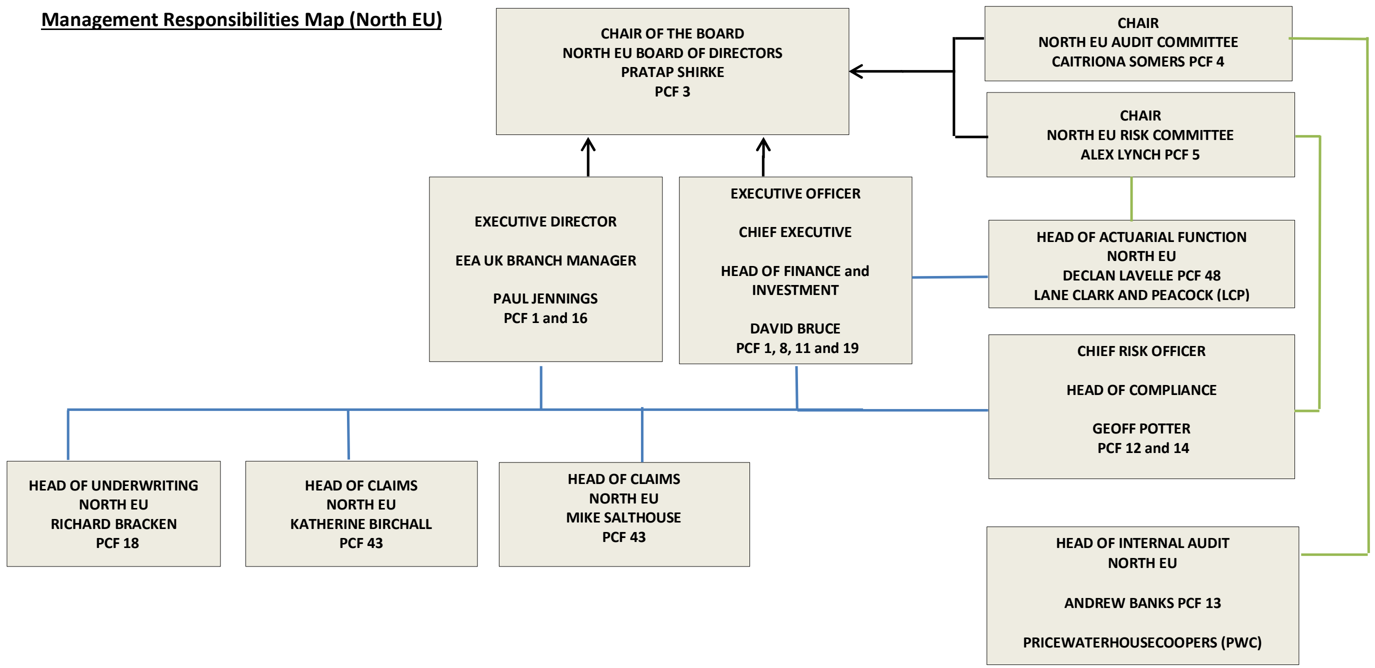
The company has complied with the SCR and MCR throughout the period.

E.6 Any other Information

None.

Appendix 1 – Management Responsibilities Map

Management Responsibilities Map (North EU)

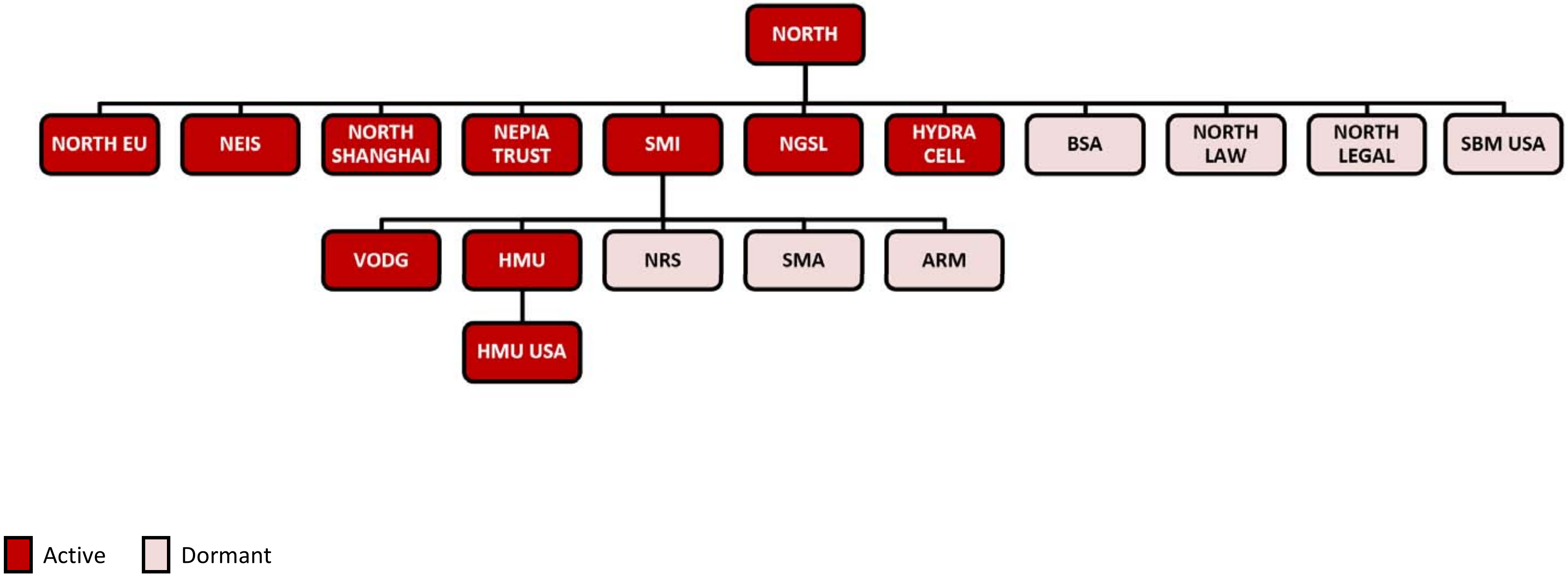


Function	
PCF 1 Executive Director	PCF 13 Head of Internal Audit
PCF 3 Chairman of the Board	PCF 14 Chief Risk Officer
PCF 4 Chair of Audit Committee	PCF 16 EEA Branch Manager
PCF 5 Chair of Risk Committee	PCF 18 Head of Underwriting
PCF 8 Chief Executive	PCF 19 Head of Investment
PCF 11 Head of Finance	PCF 43 Head of Claims
PCF 12 Head of Compliance	PCF 48 Head of Actuarial Function

Reporting Lines

Reporting line to Board of Directors
Primary operational reporting line
Independent reporting line to Committee

Appendix 2 - Group Structure



North EU – North of England Protecting and Indemnity Association Limited
NEIS -North of England Insurance Services Inc.
North Shanghai – North of England Marine Consultant (Shanghai) Ltd. Co.
NEPIA Trust – NEPIA Trust Company Limited
SMI – Sunderland Marine Insurance Company Limited
NGSL – North Group Services Limited
HYDRA Cell – Hydra Insurance Company Limited (North Segregated Cell)
VODG – Van Olst De Graaf & Co B.V.
HMU – Harlock Murray Underwriting Limited
NRS – North Risk Services Limited
HMU USA - Harlock Murray Underwriting LLC

Appendix 3 - Glossary of Terms

Basic SCR – The SCR before operational risk and capital add-ons

BBNI – Bound but not incepted. Refers to insurance contracts which the business is obliged to enter into where the inception date is after the valuation date

Combined ratio – claims incurred and expenses as a proportion of premiums

EIOPA – European Insurance and Occupational Pensions Authority

ENID – Events not in data. Refers to possible future insured events which have not previously occurred

ERM Committee – Enterprise Risk Management Committee

Expense ratio – an expression of expenses as a proportion of premiums

RC –Risk Committee

IAS 19 – The international financial reporting standards for employee benefits, including defined benefit pension schemes

IFRS – International Financial Reporting Standards

IG – International Group of Protection & Indemnity Clubs, of which North is a member

IG Pool – A mechanism for members of the IG to pool their large claims

Loss ratio – an expression of claims incurred as a proportion of premiums

MCR – Minimum Capital Requirement

ORSA – Own Risk and Solvency Assessment

Own Funds – the capital resources available to the company

PCF – Pre-approved Controlled function

QRTs – Quantitative Reporting Templates

Reconciliation reserve – a component of own funds

SCR – Solvency Capital Requirement

SFCR - Solvency Financial Condition Report

SIMF – Senior Insurance Management Function

Standard Formula – the approach applied by the company to calculate its SCR

Appendix 4 - SFCR Quantitative Templates

S.02.01 Balance Sheet
S.05.01 Premium, claims & expenses by line of business
S.05.02 Premium, claims & expenses by country
S.17.01 Non-life technical Provisions
S.19.01 Non-life insurance claim triangles
S.23.01 Own funds
S.25.01 Solvency Capital Requirement – for undertakings on Standard Formula
S.28.01 Minimum Capital Requirement – non-life

North of England P&I DAC

Solvency and Financial Condition Report

Disclosures

20 February

2021

(Monetary amounts in USD thousands)

General information

Undertaking name	North of England P&I DAC
Undertaking identification code	635400AADIICESCVBE87
Type of code of undertaking	LEI
Type of undertaking	Non-life undertakings
Country of authorisation	IE
Language of reporting	en
Reporting reference date	20 February 2021
Currency used for reporting	USD
Accounting standards	IFRS
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

S.02.01.02 - Balance sheet
S.05.01.02 - Premiums, claims and expenses by line of business
S.05.02.01 - Premiums, claims and expenses by country
S.17.01.02 - Non-Life Technical Provisions
S.19.01.21 - Non-Life insurance claims
S.23.01.01 - Own Funds
S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	296
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	58,933
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	
R0120	*Equities - unlisted*	
R0130	*Bonds*	0
R0140	*Government Bonds*	0
R0150	*Corporate Bonds*	0
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	58,933
R0190	*Derivatives*	
R0200	*Deposits other than cash equivalents*	0
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	263,179
R0280	*Non-life and health similar to non-life*	263,179
R0290	*Non-life excluding health*	263,179
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	
R0330	*Life excluding health and index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	3,911
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	1,676
R0390	Own shares (held directly)	
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	27,136
R0420	Any other assets, not elsewhere shown	
R0500	**Total assets**	355,130

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	273,030
R0520	*Technical provisions - non-life (excluding health)*	273,030
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	267,538
R0550	*Risk margin*	5,492
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)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	
R0630	*Best Estimate*	
R0640	*Risk margin*	
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	
R0680	*Risk margin*	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	2,571
R0830	Reinsurance payables	2,331
R0840	Payables (trade, not insurance)	12,688
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	
R0900	**Total liabilities**	290,620
R1000	**Excess of assets over liabilities**	64,510

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

		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	Misc. financial loss	Health	Casualty	Marine, aviation and 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						150,524	7,619										158,142
R0120	Gross - Proportional reinsurance accepted																	0
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share						140,331	6,534										146,865
R0200	Net						10,192	1,085										11,277
	Premiums earned																	
R0210	Gross - Direct Business						143,331	6,615										149,945
R0220	Gross - Proportional reinsurance accepted																	0
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share						134,312	5,793										140,104
R0300	Net						9,019	822										9,841
	Claims incurred																	
R0310	Gross - Direct Business						210,565	4,358										214,923
R0320	Gross - Proportional reinsurance accepted																	0
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share						206,953	3,242										210,195
R0400	Net						3,611	1,117										4,728
	Changes in other technical provisions																	
R0410	Gross - Direct Business																	0
R0420	Gross - Proportional reinsurance accepted																	0
R0430	Gross - Non-proportional reinsurance accepted																	0
R0440	Reinsurers' share																	0
R0500	Net						0	0										0
R0550	**Expenses incurred**						-7,786	217										-7,569
R1200	**Other expenses**																	2,273
R1300	**Total expenses**																	-5,295

S.05.02.01

Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010			GR	IT	NL	DK	DE	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	4,926	56,323	19,136	18,849	12,770	12,111	124,116
R0120	Gross - Proportional reinsurance accepted							0
R0130	Gross - Non-proportional reinsurance accepted							0
R0140	Reinsurers' share	4,575	52,307	17,771	17,505	11,859	11,248	115,265
R0200	Net	351	4,016	1,365	1,344	911	864	8,851
	Premiums earned							
R0210	Gross - Direct Business	4,671	53,404	18,144	17,872	12,108	11,484	117,683
R0220	Gross - Proportional reinsurance accepted							0
R0230	Gross - Non-proportional reinsurance accepted							0
R0240	Reinsurers' share	4,364	49,899	16,953	16,699	11,314	10,730	109,959
R0300	Net	307	3,505	1,191	1,173	795	754	7,724
	Claims incurred							
R0310	Gross - Direct Business	5,039	49,363	70,014	12,408	16,589	29,690	183,103
R0320	Gross - Proportional reinsurance accepted							0
R0330	Gross - Non-proportional reinsurance accepted							0
R0340	Reinsurers' share	4,928	48,277	68,473	12,135	16,224	29,037	179,075
R0400	Net	111	1,086	1,540	273	365	653	4,028
	Changes in other technical provisions							
R0410	Gross - Direct Business							0
R0420	Gross - Proportional reinsurance accepted							0
R0430	Gross - Non-proportional reinsurance accepted							0
R0440	Reinsurers' share							0
R0500	Net	0	0	0	0	0	0	0
R0550	**Expenses incurred**	-236	-2,696	-916	-902	-611	-580	-5,940
R1200	**Other expenses**							1,784
R1300	**Total expenses**							-4,156

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**						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 calculated as a whole																	0
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross						20,749	3,368										24,117
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						33,082	2,401										35,483
R0150	**Net Best Estimate of Premium Provisions**						-12,333	967										-11,366
	Claims provisions																	
R0160	Gross						236,776	6,645										243,421
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						222,735	4,961										227,696
R0250	**Net Best Estimate of Claims Provisions**						14,041	1,684										15,725
R0260	**Total best estimate - gross**						257,525	10,013										267,538
R0270	**Total best estimate - net**						1,708	2,651										4,359
R0280	**Risk margin**						5,286	206										5,492
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole																	0
R0300	Best estimate																	0
R0310	Risk margin																	0
R0320	**Technical provisions - total**						262,811	10,219										273,030
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**						255,817	7,362										263,179
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**						6,994	2,857										9,851

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020 Accident year / underwriting year: Underwriting Year

Gross Claims Paid (non-cumulative)

(absolute amount)

	Year	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
		Development year											In Current year	Sum of years (cumulative)
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											0	0	0
R0160	2012	0	0	0	0	0	0	0	0	0	0		0	0
R0170	2013	0	0	0	0	0	0	0	0	0			0	0
R0180	2014	0	0	0	0	0	0	0	0				0	0
R0190	2015	0	0	0	0	0	0	0					0	0
R0200	2016	0	0	0	0	0	0						0	0
R0210	2017	0	0	0	0	0							0	0
R0220	2018	0	0	0	0								0	0
R0230	2019	0	0	0									0	0
R0240	2020	52,316	69,600										69,600	121,916
R0250	2021	24,418											24,418	24,418
R0260												Total	94,018	146,334

Gross Undiscounted Best Estimate Claims Provisions

(absolute amount)

	Year	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
		Development year											Year end (discounted data)
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											0	0
R0160	2012	0	0	0	0	0	0	0	0	0	0		0
R0170	2013	0	0	0	0	0	0	0	0	0			0
R0180	2014	0	0	0	0	0	0	0	0				0
R0190	2015	0	0	0	0	0	0	0					0
R0200	2016	0	0	0	0	0	0						0
R0210	2017	0	0	0	0	0							0
R0220	2018	0	0	0	0								0
R0230	2019	0	0	0									0
R0240	2020	147,803	102,704										101,357
R0250	2021	143,771											142,064
R0260												Total	243,421

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Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	4,218	4,218		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial 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
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	12,292	12,292			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	48,000	48,000	0	0	0
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				
R0230	**Deductions for participations in financial and credit institutions**	0				
R0290	**Total basic own funds after deductions**	64,510	64,510	0	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	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				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	49,800			49,800	
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	49,800			49,800	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	114,310	64,510	0	49,800	0
R0510	Total available own funds to meet the MCR	64,510	64,510	0	0	
R0540	Total eligible own funds to meet the SCR	80,778	64,510	0	16,268	0
R0550	Total eligible own funds to meet the MCR	64,510	64,510	0	0	
R0580	**SCR**	32,536				
R0600	**MCR**	8,134				
R0620	**Ratio of Eligible own funds to SCR**	248.27%				
R0640	**Ratio of Eligible own funds to MCR**	793.10%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	64,510
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	
R0730	Other basic own fund items	52,218
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	12,292
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	3,416
R0790	**Total Expected profits included in future premiums (EPIFP)**	3,416

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Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	7,868		
R0020	Counterparty default risk	15,787		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	8,858		
R0060	Diversification	-7,485		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	25,028		

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	7,508
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	
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**	32,536
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	32,536
	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

	Approach to tax rate	C0109
R0590	Approach based on average tax rate	0

	Calculation of loss absorbing capacity of deferred taxes	LAC DT
		C0130
R0640	LAC DT	
R0650	LAC DT justified by reversion of deferred tax liabilities	0
R0660	LAC DT justified by reference to probable future taxable economic profit	0
R0670	LAC DT justified by carry back, current year	0
R0680	LAC DT justified by carry back, future years	0
R0690	Maximum LAC DT	0

USP Key

For life underwriting risk:
1 - Increase in the amount of annuity benefits
9 - None

For health underwriting risk:
1 - Increase in the amount of annuity benefits
2 - Standard deviation for NSLT health premium risk
3 - Standard deviation for NSLT health gross premium risk
4 - Adjustment factor for non-proportional reinsurance
5 - Standard deviation for NSLT health reserve risk
9 - None

For non-life underwriting risk:
4 - Adjustment factor for non-proportional reinsurance
6 - Standard deviation for non-life premium risk
7 - Standard deviation for non-life gross premium risk
8 - Standard deviation for non-life reserve risk
9 - None

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

	Linear formula component for non-life insurance and reinsurance obligations	C0010
R0010	MCR_{NL} Result	1,933

		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 expense insurance and proportional reinsurance	0	
R0030	Income protection insurance and proportional reinsurance	0	
R0040	Workers' compensation insurance and proportional reinsurance	0	
R0050	Motor vehicle liability insurance and proportional reinsurance	0	
R0060	Other motor insurance and proportional reinsurance	0	
R0070	Marine, aviation and transport insurance and proportional reinsurance	1,708	10,192
R0080	Fire and other damage to property insurance and proportional reinsurance	2,651	1,085
R0090	General liability insurance and proportional reinsurance	0	
R0100	Credit and suretyship insurance and proportional reinsurance	0	
R0110	Legal expenses insurance and proportional reinsurance	0	
R0120	Assistance and proportional reinsurance	0	
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	
R0140	Non-proportional health reinsurance	0	
R0150	Non-proportional casualty reinsurance	0	
R0160	Non-proportional marine, aviation and transport reinsurance	0	
R0170	Non-proportional property reinsurance	0	

	Linear formula component for life insurance and reinsurance obligations	C0040
R0200	MCR_L 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		
R0220	Obligations with profit participation - future discretionary benefits		
R0230	Index-linked and unit-linked insurance obligations		
R0240	Other life (re)insurance and health (re)insurance obligations		
R0250	Total capital at risk for all life (re)insurance obligations		

	Overall MCR calculation	C0070
R0300	Linear MCR	1,933
R0310	SCR	32,536
R0320	MCR cap	14,641
R0330	MCR floor	8,134
R0340	Combined MCR	8,134
R0350	Absolute floor of the MCR	4,328
R0400	**Minimum Capital Requirement**	8,134

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