



Solvency & Financial Condition Report

Surestone Insurance dac
31 March 2024

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SUMMARY

This document is the Solvency and Financial Condition Report (SFCR) for Surestone Insurance dac ('Surestone' or 'the Company').

The SFCR provides narrative information in quantitative and qualitative form including quantitative reporting templates (QRTs). The report covers the Business and Performance of Surestone, its System of Governance, Risk Profile, Valuation for Solvency Purposes and Capital Management.

Section A – Business and Performance

During the last financial year, the Company continued to run off the book and is ahead of the plan in running off claims. The Company made a loss for the year of £0.6m (2023: £0.1m profit).

The Company's current strategy is to continue to efficiently manage claims and achieve an orderly run off. The Company has a robust corporate governance structure, facilitating best practice in risk management and monitoring. The Company also constantly monitors its operating expense spending and measures it against the budget as well as ensuring there is sufficient run off expense provision to achieve its objective. The directors are confident that the available cash is sufficient to settle all existing policyholder liabilities and to bring the run off to a finality.

The underwriting performance of Surestone compared to projections for the reporting period is as follows:

| | 2024 Actual £'000 | 2024 Projected £'000 |
|---|----------------------------------|-------------------------------------|
| Earned premiums, net of reinsurance | 4 | - |
| Net claims incurred | (22) | (76) |
| Expenses incurred | (1,034) | (1,043) |
| Net underwriting income/(losses) | (1,052) | (1,119) |

Net claims incurred were slightly favourable to the budget primarily due to release of excess prudence. The expense incurred was within the budget.

The projected underwriting performance of Surestone for the next two financial years¹ are as follows:

| | 2025 £'000 | 2026 £'000 |
|-------------------------------------|-----------------------|-----------------------|
| Earned premiums, net of reinsurance | - | - |
| Net claims incurred | 420 | 450 |
| Expenses incurred | (829) | (1,103) |
| Net underwriting losses | (409) | (653) |

The projections for the next two years reflect the continued run off of the book by assuming the current loss ratio which is projected to result in further release of excess prudence within the reserves.

¹ Latest forecasted run off completion date is 30 June 2026.

There were no new losses reported to Surestone during the year ended 31 March 2024, which were in excess of the retention limits on the Company's various excess of loss reinsurance covers. In the absence of any live liability or property policies the risk mitigation of Reinsurance is no longer required.

Net investment income for the year ended 31 March 2024 was £1,122,000 (2023: £587,000).

Section B – System of Governance

The System of Governance section contains information on the organisational and operational structures of SureStone, which support its strategic objectives and operations. The Board of Directors has established the governance structure to ensure effective oversight of the activities of SureStone.

Section C – Risk Profile

The Risk Profile details the underwriting, market, credit, liquidity, operational and other material risks relating to Surestone. Following the Company's decision to enter into orderly run-off, the Company's underwriting risk will reduce over the run-off period. For each of the material risks the Company performed stress testing as part of its most recent Own Risk and Solvency Assessment (ORSA) and the completion of its Recovery Plan.

Section D – Valuation for Solvency Purposes

The Valuation for Solvency Purposes outlines the difference between the Solvency II Valuation and the Financial Statements for Surestone. The Surestone financial statements are prepared on an Irish GAAP basis. There are no significant measurement differences between the two bases.

Section E – Capital Management

The Capital Management section outlines the Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR) for Surestone, which calculates capital using the Standard Formula. The Company's available own funds enjoy full benefit from the Tier 1 capital. At 31 March 2024, the Company's SCR and MCR ratios were 160.7% and 338.2% respectively.

The table below provides a breakdown of the Company own funds by tier level at 31 March 2024:

| | Tier 1 | Tier 2 | Total |
|----------------------------------|---------------|---------------|--------------|
| | £'000 | £'000 | £'000 |
| 31 March 2024 | 10,971 | 8,437 | 19,408 |
| Eligible amount to cover the SCR | 10,971 | 4,956 | 15,927 |
| Eligible amount to cover the MCR | 10,971 | 690 | 11,661 |

A BUSINESS AND PERFORMANCE

A.1 BUSINESS

Surestone Insurance dac is an authorised Insurance Company (No 340407) which is regulated by the Central Bank of Ireland. The Company commenced trading in 2002 and is based in Dublin, Ireland. Surestone currently has a Low Impact PRISM rating under the Central Bank of Ireland's risk based framework.

Surestone's registered address is:

Merrion Hall, Strand Road, Sandymount, Dublin 4.

Central Bank of Ireland's address is:

PO Box 559, New Wapping St., North Wall Quay, Dublin 1.

The external auditors are Grant Thornton, whose address is:

13-18 City Quay, Dublin 2, D02 ED70, Ireland

Prior to going into orderly run-off on October 22, 2019, Surestone occupied a niche market within both the Irish and UK general insurance markets and specialised in developing purposely built schemes to meet the needs of its partners. Surestone offered product expertise, adding value to business partners by providing them with delegated authority and access to scheme management facilities that were not available in the traditional insurance market. The Board made a decision to put the business in run off following a strategic review completed in September 2019.

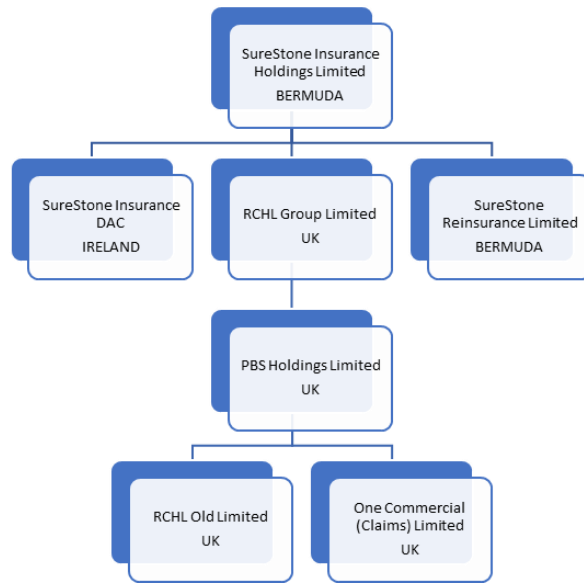
Surestone offered bespoke schemes across a wide variety of industry sectors including:

- Commercial Lines
- Home Products
- Pecuniary Products

Surestone's exposure during the year ended 31 March 2024 was miscellaneous financial loss risks in the UK.

Surestone is part of Surestone Insurance Holdings Limited (the Group). Its ultimate parent is Primary Group 1 Holdings Limited (PGHL). PGHL is the investment holding company of the Primary Group, a company, which invests in small to medium size businesses, engaged in insurance and other financial distribution activities in the UK and in other jurisdictions.

The organization chart below shows all active related undertakings within the Group:



A.1.1 Significant business and other events

None.

A.2 UNDERWRITING PERFORMANCE

Line of Business

| £'000 | Fire & other damage to property 2024 | General liability 2024 | Assistance 2024 | Misc. financial loss 2024 | Total 2024 |
|--|---|------------------------------|--------------------|---------------------------------|------------|
| Earned premiums, net of reinsurance | - | - | - | 4 | 4 |
| Net claims Incurred | (7) | (15) | - | - | (22) |
| Expenses incurred | (321) | (697) | - | (16) | (1,034) |
| Net underwriting income (loss) | (328) | (712) | - | (12) | (1,052) |

| £'000 | Fire & other damage to property 2023 | General liability 2023 | Assistance 2023 | Misc. financial loss 2023 | Total 2023 |
|--|---|------------------------------|--------------------|---------------------------------|------------|
| Earned premiums, net of reinsurance | - | - | - | 4 | 4 |
| Net claims incurred | 259 | 1,021 | - | 177 | 1,457 |
| Expenses incurred | (269) | (1,061) | - | (184) | (1,514) |
| Net underwriting income (loss) | (10) | (40) | - | (3) | (53) |

Geographic Area

| £'000 | Ireland 2024 | UK 2024 | Other EEA 2024 | Total 2024 |
|------------------------------------|-----------------|------------|----------------------|---------------|
| Earned premiums net of reinsurance | - | 4 | - | 4 |
| Net claims incurred | 75 | (97) | - | (22) |
| Expenses incurred | (547) | (487) | - | (1,034) |
| Net underwriting income (loss) | (472) | (580) | - | (1,052) |

| £'000 | Ireland 2023 | UK 2023 | Other EEA 2023 | Total 2023 |
|------------------------------------|-----------------|------------|----------------------|---------------|
| Earned premiums net of reinsurance | - | 4 | - | 4 |
| Net claims incurred | 1,365 | 92 | - | 1,457 |
| Expenses incurred | (1,293) | (221) | - | (1,514) |
| Net underwriting income (loss) | 72 | (125) | - | (53) |

During the year ended 31 March 2024, the Company made an underwriting loss for the year of £0.6m (2023: £0.1m profit).

A.3 INVESTMENT PERFORMANCE

Investment income for the years ended 31 March 2024 and 2023 were as follows:

| | 2024 | 2023 |
|----------------------------|--------------|--------------|
| | £'000 | £'000 |
| Interest on loan to parent | 832 | 558 |
| Interest on bank deposits | 290 | 28 |
| Net investment income | 1,122 | 586 |

There are no gains and losses recognised directly in equity. There are no investments in securitisation.

A.4 PERFORMANCE OF OTHER ACTIVITIES

There were no other material income and expenses for the year ended 31 March 2024 or 2023.

The Company does not have any material financial and operating leases.

A.5 ANY OTHER INFORMATION

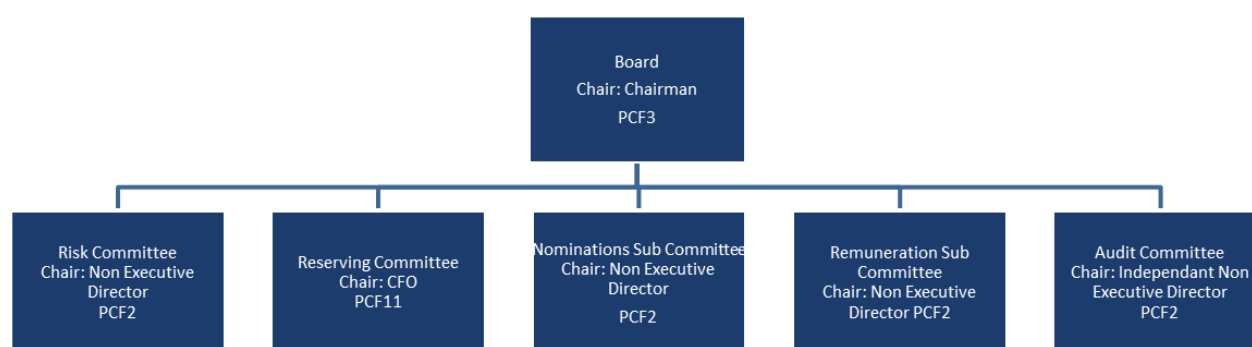
Surestone does not have any other material information regarding the business and performance for disclosure, other than that disclosed above.

B SYSTEM OF GOVERNANCE

B.1 GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

Surestone maintains organisational and operational structures that supports its strategic objectives and operations. The Board has primary responsibility for corporate governance and has put in place the following governance structure to ensure effective oversight of the activities of Surestone. This structure is compliant with the Corporate Governance Requirements for Insurance Undertakings 2015.

The high-level governance structure in place within Surestone at 31 March 2024 was as follows:



Terms of Reference are in place, setting out the respective roles and responsibilities of each element.

B.1.1 Role and responsibilities of the Board and Sub-Committees

The key role and responsibilities of the Board and each Board sub-committee are as follows;

Board:

The Board is responsible for the effective, prudent and ethical oversight of Surestone. The Board is responsible for:

- Setting the business strategy;
- Setting the amounts and types of capital to cover the risks of the Company;
- Setting the strategy for the ongoing management of material risks;
- Embedding and overseeing a robust and transparent organisation structure with effective communication and reporting channels;
- A remuneration framework that is in line with the risk strategies of the Company; and
- Installing and overseeing an adequate and effective internal control framework that includes well-functioning risk management, compliance and internal audit functions as well as an appropriate financial reporting and accounting framework.

Audit Committee:

The objective of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities for financial reporting, the system of internal control and the audit process. The responsibilities of the Audit Committee include:

- Monitoring the effectiveness and adequacy of the Company's internal control, internal audit and IT systems;
- Quarterly review of the completed audits and any remediation required;
- Assurance to the Board that mitigating actions are being taken to support achievement of the Company's strategic Business Plan;
- Identifying any requirements for escalation to the Board as a result of completed audits;
- Liaising with the external auditor particularly in relation to their audit findings;
- Reviewing the integrity of the Company's financial statements;
- Reviewing any financial announcements and reports and recommending to the Board whether to approve the Company's annual accounts; and
- Assessing auditor independence and the effectiveness of the audit process.

Risk Committee:

The responsibilities of the Risk Committee include:

- Oversight and advice to the Board on the current risk exposures of the Company and future risk strategy;
- Advising the Board on risk appetite and tolerance for future strategy, taking account of:
 - the Board's overall risk appetite;
 - the current financial position;
 - drawing on the work of the audit committee and the external auditor; and
 - the capacity of the Company to manage and control risks within the agreed strategy.
- Overseeing the risk management function, which is managed on a day to day basis by the CRO;
- Liaising regularly with the CRO to ensure the development and on-going maintenance of an effective risk management system within the Company that is effective and proportionate to the nature, scale and complexity of the risks inherent in the business;
- Advising the Board on the effectiveness of strategies and policies with respect to maintaining, on an on-going basis, amounts, types and distribution of both internal capital and own funds adequate to cover the risks of the Company;
- Quarterly review of the Company's material risks as recorded on the risk register and the actions being taken to mitigate the risks;
- Assurance to the Board that mitigating actions are being taken to support achievement of the Company's strategic business plan; and
- Identifying and overseeing the implementation of proactive & proportionate risk mitigation actions.

Reserving Committee:

The Reserving Committee is responsible for:

- The review of the adequacy of reserves on a quarterly basis and to recommend to the Board the level of Best Estimate for inclusion in the financial statements;
- The review of the adequacy of Solvency II Technical Provisions and recommend for inclusion in regulatory returns;

- The review of all reports of the Head of Actuarial Function as to the adequacy of reserves and reporting to the Board of Directors thereon;
- On an annual basis, the review of the Margin for Uncertainty Report;
- The review of all reports of the external auditors;
- Agreement of the risk appetite for reserving risk for recommendation to the Board

Remuneration Committee:

The objective of the Remuneration Committee is to establish remuneration policies and procedures. Its responsibilities include:

- Determining and agreeing the policy for remuneration of the Company's Chairman, non-executive directors, executive directors, senior managers and employees;
- Reviewing the on-going appropriateness and relevance of the remuneration policy;
- Approving the design of, and determining targets for, any performance related pay schemes; and
- Providing recommendations to the Board on scope and required amendments to the remuneration policy as appropriate.

Nominations Committee:

The objective of the Nominations Committee is to ensure that the Board and its committees are constituted of individuals with the necessary skills, knowledge and experience. Its responsibilities include:

- Reviewing structure, size and composition required of the Board;
- Making recommendations for any changes to the Board;
- Identifying and nominating to the Board, candidates to fill Board vacancies;
- Analysing strategic issues and commercial changes which may affect the Company; and
- Succession planning for Directors and other senior executives.

B.1.2 Role and responsibilities of key control functions

Surestone maintains the following key control functions: Risk Management, Compliance, Internal Audit and Actuarial. The roles and responsibilities of each function are as follows:

B.1.2.1 Risk Management Function

The Risk Management Function is performed by the Chief Risk Officer (CRO).

The CRO reports to the Risk Committee and the Board. The Risk Management Function's activities are:

- ensuring that the insurance undertaking has effective processes in place to identify and manage the risks to which Surestone is or might be exposed.
- maintaining effective processes to monitor and report the risks to which Surestone is or might be exposed.
- promoting sound and effective risk management.
- facilitation of the setting of the risk appetite by the Board.
- providing comprehensive and timely information on Surestone's material risks which enables the Board to understand the overall risk profile of the insurance undertaking.

B.1.2.2 Compliance Function

The Compliance Function is performed by the Head of Compliance. The Head of Compliance reports to the Risk Committee and the Board. The Compliance Function's activities are:

- To be responsible for compliance with the internal control system.
- To identify and communicate throughout Surestone the laws, regulations and codes of conduct to which Surestone is subject. The Compliance Function will seek to embed compliance with these laws, regulations and codes of conduct in the way that Surestone does business.
- To maintain a comprehensive compliance risk management control and reporting system in conjunction with the Risk Management Function to assist in managing the Compliance Risk faced by Surestone.
- To investigate any violation of the law, report to the Board and, in certain circumstances, to outside bodies such as the Central Bank of Ireland.
- To consider possible future changes in the legal environment and their potential effect on Surestone.
- Present an annual Compliance Plan to the Board outlining specific areas which it will focus on during a particular year.
- To promote a culture of compliance throughout Surestone.

B.1.2.3 Internal Audit Function

The Internal Audit function is performed by the Head of Internal Audit, currently outsourced to Mazars Ireland. The Head of Internal Audit reports to the Audit Committee. Surestone requires that the internal audit function:

- Establish, implement and maintain an audit plan setting out the audit work to be undertaken in the upcoming years, taking into account all activities and the complete system of governance of Surestone;
- Take a risk-based approach in deciding its priorities;
- Report the audit plan to the Board;
- Issue an internal audit report to the Board based on the result of work carried out in accordance with above, which includes findings and recommendations to the Board including the envisaged period of time to remedy the shortcomings and the persons responsible for doing so, and information on the achievement of audit recommendations;
- Submit the internal audit report to the Board on at least an annual basis; and
- Verify compliance with the decisions taken by the Board on the basis of those recommendations referred to in the points above.

B.1.2.4 Actuarial Function

The Actuarial Function is performed by the Head of Actuarial Function (HoAF). The HoAF role is outsourced to Barnet Waddingham LLP. Surestone ensures that the actuarial function:

- undertakes the tasks as set out in Article 48(1) of the Solvency II Directive. The Company also takes appropriate measures to address the potential conflicts of interests, if the Company decides to add additional tasks or activities to the tasks and activities of the actuarial function.
- identifies any inconsistency with the requirements set out in Articles 76 to 85 of the Solvency II Directive for the calculation of technical provisions and proposes corrections as appropriate and explains any material effect of change of data, methodologies or assumptions between valuation dates on the amount of Technical Provisions.
- assesses the consistency of the internal and external data used in the calculation of Technical Provisions against the data quality standards as set out in Article 82 of the Solvency II Directive. Where relevant, the actuarial function will make recommendations on internal procedures to

improve data quality to ensure that Surestone is in a position to comply with the related Solvency II requirements.

- when providing its opinion on the underwriting and reinsurance risk policy, to take into consideration the interrelations between these and the Technical Provisions.
- reports in writing at least annually to the Board. The reporting documents all material tasks that have been undertaken by the actuarial function, their results, clearly identifying any deficiencies and giving recommendations as to how such deficiencies could be remedied.

B.1.3 Changes to the System of Governance

There were no material changes in the system of governance during the year ended 31 March 2024.

B.1.4 Remuneration policy

Surestone has established a remuneration policy for directors and employees. The objectives of the Remuneration Policy are to ensure:

- that remuneration policy and practices are aligned with Surestone Strategy, Risk Management Strategy and Risk Appetite, objectives, values and long-term interests of the Company;
- that the policy applies to Surestone as a whole in a proportionate and risk focused way, taking into account the respective roles of the personnel responsible for key functions or who make or participate in making decisions that affect the whole, or a substantial part of Surestone's business, including members of the Board;
- that the remuneration policy does not foster practices adverse to the policyholders' interests;
- that a clear, transparent and effective governance structure around remuneration is in place;
- that Surestone can attract and retain highly qualified Board members and employees with skills required to effectively manage Surestone;
- that Board members and employees are compensated appropriately for the services they provide to Surestone; and
- that the remuneration motivates Board members and employees to perform in the best interests of Surestone and its stakeholders.

Directors, who do not perform executive functions in the Company or in Group companies, receive a fixed sum as remuneration.

Directors, who also perform executive functions in Group companies or perform duties as part of an outsourced service provision, will not receive individual remuneration from the Company.

Surestone provides a range of benefits to employees including a discretionary bonus scheme, a defined contribution pension plan and a group health insurance scheme.

B.1.5 Material transactions

The following material transactions took place with the Parent company during the years ended 31 March 2024 and 2023 (£'000):

| | 2024 | 2023 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Interest accrued from Intercompany loan | 832 | 558 |

The Company issued nil (2023: nil) ordinary shares to its immediate parent during the financial year.

B.1.6 Adequacy of the System of Governance

The system of governance of Surestone is considered adequate and effective and is proportionate to the nature, scale and complexity of the risks inherent in its business.

B.2 FIT AND PROPER REQUIREMENTS

B.2.1 Fitness and probity policy

Surestone's Fitness and Probity policy ensures:

- that all persons who effectively run the Company or are responsible for other key functions at all times possess the professional qualifications, knowledge and experience to enable sound and prudent management;
- that all persons who effectively run the Company or are responsible for other key functions at all times are of good repute and integrity;
- that the members of the administrative, management or supervisory body shall, collectively, be able to provide for the sound and prudent management of the Company;
- the appropriate notification to the Central Bank of Ireland of all appointments, replacements and changes, including all information required to assess whether any relevant persons are fit and proper.

Assessments of a person's fitness and propriety must be made:

- before the person is appointed
- on at least an annual basis following appointment,
- upon the event of material information adverse to the assessment becoming known to Surestone or any other circumstances whereby the fitness or propriety of responsible persons may be adversely affected.

B.2.1 Fitness and probity process

Surestone has the following process for assessing the fitness and the propriety of the persons who effectively run Surestone or have other key functions:

The Board obtains, when relevant, the necessary information for each initial fit and proper assessment of a candidate for a responsible person position which will allow the Board to adequately assess whether the candidate satisfies the following criteria:

- possesses the necessary skills, knowledge, expertise, diligence, relevant qualification and soundness of judgment to undertake and fulfill the particular duties and responsibilities of the particular position.
- has demonstrated the appropriate competence and integrity in fulfilling occupational, managerial or professional responsibilities previously in their professional career.
- possesses the competence, character, diligence, honesty, integrity and judgment to perform properly their duties.
- the person does not have a conflict of interest in performing the duties.
- has not been reprimanded, or disqualified, or removed, by a professional or regulatory body in relation to matters regarding the person's honesty, integrity, or business conduct;
- has not been the subject of civil or criminal proceedings or enforcement action, in relation to the management of an entity, or commercial or professional activities, and which reflected adversely on the person's competence, diligence, judgment, honesty or integrity.

- has not been substantially involved in the management of a business or company which has failed, where that failure has been occasioned in part by deficiencies in that management.
- have sufficient time to devote to the role and associated responsibilities.

In the case of directors, the following additional criteria must be satisfied:

- that the number of directorships held by any director does not exceed those specified by various regulatory bodies.

B.3 RISK MANAGEMENT SYSTEM INCLUDING THE OWN RISK AND SOLVENCY ASSESSMENT (“ORSA”)

B3.1 Risk management system

The Risk Management System comprises the Risk Management Framework, which seeks to;

- Identify particular events or circumstances relevant to the Company’s objectives
- Assess them in terms of likelihood and scale of potential impact
- Determine a risk management response strategy
- Monitor the risks closely
- Modify actions and mitigation accordingly

The main purpose of this Framework is to ensure that Surestone can achieve its strategic objectives by promoting a pro-active and risk based approach to managing and mitigating risks associated with the business.

B3.1.1 Objectives and principles

The specific objectives of the Framework are to:

- Ensure that all the current and future material risk exposures are identified, measured, managed, monitored and reported in accordance with the Company’s Risk Appetite statement and key tolerance limits;
- Introduce a governance & control framework for the Company’s risk management processes
- Ensure all stakeholders are aware of the Framework and clear on their respective roles and responsibilities
- Facilitate compliance within relevant regulatory and legislative guidelines.

For the Framework to be effective, the following key principles are important:

- The Framework is accepted by senior management as a mechanism to assist and help protect the Company from uncertainties and consequent losses
- Company decisions will be made with the key information available to make decisions on the acceptance of risk in accordance with the Risk Appetite
- Senior management are committed to the Framework’s risk mitigation actions and also the need to ensure they are fully embedded in the business processes of the Company
- Risk Appetite and key tolerances will be regularly reviewed and updated to best reflect the Company’s Business Plan and strategic objectives
- The occurrence, progress and status of all risks will be promptly reported and appropriate actions taken
- All employees will be made aware of the Framework and have clarity on their respective roles and responsibilities for delivering effective risk identification and mitigation

B3.1.2 Assessment of Risk

Within the Framework, risk assessment and mitigation is undertaken as follows;



Identify: All employees are expected to identify risks through the normal course of business. A key mechanism for identifying new and emerging risks will be through the weekly Management Committee meetings and quarterly Risk Committee meetings.

Measure: Risks are measured on a residual basis with the likelihood of the event and potential financial impact of the event the main measures. Key Risk Indicators are monitored to identify trends or changes in risk exposures.

Manage: Inherent risk exposures are mitigated through controls. Should the residual risk be outside the Risk Appetite or key tolerances, an action plan will be agreed and implemented to return the exposure to an acceptable level.

Monitor: Risk exposures will be continuously monitored.

Report: All identified risks and controls will be reported to the relevant committees.

B3.1.3 Roles and Responsibilities

The Framework applies to all individuals working at all levels, including the Board, Senior Management, employees (whether permanent, fixed term or temporary), outsourced Service Providers, business consultants or contractors, or any other person associated with the Company.

The Risk Committee on behalf of the Surestone Board is responsible for the approval of this Framework and for the oversight of the management of risks. Various other Committees and Sub Committees are in place to ensure effective monitoring and reporting of risk management.

The Board is responsible, through the receipt of effective management information data, for:

- Monitoring the effectiveness of the Framework
- Ensuring that the Framework is in line with the Company Risk Appetite

The Risk Committee is responsible, through the receipt of effective management information data for:

- The identification and assessment of material risks in the Company Risk Register
- Ensuring the material risks are being adequately managed, controlled and monitored

Senior Management is responsible, through the receipt of effective management information data, for:

- Implementing the risk controls on a day-to-day basis
- Reporting to the Risk Committee on the assessment of material risks identified in the Company Risk Register
- Reporting to the Board and Risk Committee on deviations of risk from the agreed Risk Appetite and key tolerances

B.3.1.4 Reporting

The Risk Committee will report to the Board:

- Annually: On the operational effectiveness of the Risk Management Framework.
- Quarterly: Any deviations of risks from the approved Risk Appetite and key risk tolerances that are considered to pose a threat to the achievement of the Company's objectives.

The Board will:

- Review the information and provide direction to the Risk Committee as appropriate in ensuring the effectiveness of the Framework to manage and mitigate risk for the Company.

B3.2 ORSA

The ORSA Process delivers the required output for internal and external purposes. The capital and solvency assessments will inform all significant decision-making and risk management processes and will be used for decision making in the business.

The assessment of the overall solvency needs is the primary process to be carried out as part of the ORSA. The steps of the process are as follows:

- All risks that Surestone is exposed to are identified. This is performed in line with the processes and procedures in the risk management framework. The risk register is the primary source of risks facing Surestone in the first instance.
- For each quantifiable risk identified, consideration is given to whether the risk is mitigated through management action or capital is allocated to address materialisation, or a mixture of both. This assessment takes into consideration the risk appetite in respect of each standalone risk as well as risks in aggregation.
- The data used in the ORSA process must be comprehensive, valid, accurate, relevant and timely. Specific control activities are embedded in the Internal Control System to ensure the highest possible data quality.
- As part of the ORSA process, Surestone uses the standard model in calculating its regulatory capital.
- An initial assessment of current solvency needs is made to determine if Surestone has sufficient financial resources to meet the capital calculated for its initial assessment of risks.
- A comparison of the risk profile of current and future business to the Risk Appetite Policy and the approved Risk Appetite Statement is undertaken. Where there is a discrepancy further investigation is carried out into the reasons for being outside risk appetite.
- Stress testing and scenario analysis is carried out to understand key risk exposures. The range of the stresses and scenarios considered reflects the nature, scale and complexity of the risks

inherent to the business. Management Actions following the materialisation of a stress or scenario are considered and the impact defined.

- The economic balance sheet (including available capital (own-funds)) and capital requirement on a regulatory basis is calculated for each future year of the business planning period (3 years).
- The results of the previous steps are used to consider if any action plans are necessary.
- An overall opinion on the ORSA will be requested from the HoAF and feedback incorporated accordingly.
- The ORSA will be challenged and signed off by the Board.

The results of each ORSA Process are recorded in detail. The record of each ORSA Process includes:

- The individual risk analysis, including a description and explanation of risks;
- A description of how each risk will be managed;
- Detail of data quality is documented;
- Any discrepancies between the risk profile and risk appetite is documented along with the planned course of action to remediate the situation;
- The results and conclusions about overall solvency needs over a one-year-period;
- A description of stress tests and scenario analysis employed. This will include the rationale for selecting a particular stress test or scenario analysis as well as the methodology and assumptions underlying the calculation;
- The results of the validation activity;
- The results of the ORSA and regulatory capital calculations and conclusions about overall solvency needs over each of the years in the business planning period. A description of what internal and external factors were taken into consideration in the forward-looking perspective. Details of any planned relevant management actions, including an explanation and a justification for these actions, and their impact on the assessment;
- Action plans arising from the assessment and the rationale for them. This requires the documentation to cover any strategies for raising additional own funds where necessary and the proposed timing for actions to improve the Company's financial condition, and clearly allocate actions identified to specific people;
- A record of the challenge process performed by the Board;
- The identification and explanation of the differences established from the comparison of the Company's risk profile with the assumptions underlying the calculation of the SCR. In case the deviations are considered to be significant in either direction, the internal documentation addresses how Surestone will react; and
- A record of the review and validation of the ORSA Process.

The exercise to perform the ORSA process and the documentation thereof will be done at least annually and will cover the period since the previous ORSA.

The Annual ORSA will be performed in conjunction with Surestone's annual business plan to help ensure:

- it remains an integral part of the business strategy;
- it is taken into account on an on-going basis in any strategic decisions; and
- the current ORSA accounts for the most up-to-date plans and strategies of Surestone.

An ORSA outside the annual cycle will be performed when there is a material change in the risk profile or external environment of Surestone.

B.4 INTERNAL CONTROL SYSTEM

B.4.1 Description of the internal control system

Surestone's internal control system encompasses the policies, procedures, processes, tasks, and behaviours that:

- facilitate effective and efficient operations by enabling Surestone to respond to its significant risks;
- assist in ensuring the quality of internal and external information and reporting;
- assist in compliance with applicable laws, regulations and internal policies and procedures; and
- provide the Board with the capability to monitor and assess the level of compliance with internal controls.

The Company ensures that appropriate levels of Internal Control are present within the organisational structure. Surestone operates a three lines of defence oversight and controls model. This is achieved by:

- Ensuring the presence and application of individual internal policies, procedures and guidelines for each of the critical functions and activities of Surestone;
- Ensuring that adequate approval procedures, authorities, verification, reconciliations, and review procedures are in place for each function or activity and are adequately documented and verified;
- Ensuring that adequate controls are in place to safeguard the integrity and protection of information;
- Ensuring sufficient monitoring mechanisms are in place to facilitate assessments of the effectiveness of the controls in place;
- The activities of the Compliance function, the application of the Compliance Policy and the implementation of the Compliance Plan.

B.4.2 Implementation of the compliance function

The compliance function identifies and communicates, throughout Surestone, the laws, regulations and codes of conduct to which Surestone is subject and seeks to embed compliance with these laws, regulations and codes of conduct in the way Surestone does business. The compliance function promotes a culture of compliance throughout Surestone.

The compliance function maintains a comprehensive compliance and risk management control and reporting system in conjunction with the risk management function to assist in managing the compliance risk faced by Surestone. Through this system it identifies, assesses, controls, measures and reports compliance risks across Surestone as part of its oversight and administration of the Compliance Plan.

B.5 INTERNAL AUDIT FUNCTION

B.5.1 Implementation of the internal audit function

The Internal Audit function, on a regular basis, develops a plan of audit activities and operations and submits to the Audit Committee for approval. The annual audit plan includes identification of each audit to be conducted in terms of the programmes, functions and activities to be audited. The plan may be amended during the year with the approval or at the direction of the Audit Committee. Audits are conducted in compliance with Generally Accepted Auditing Standards.

The Internal Audit function provides Surestone with an efficient, proactive and comprehensive internal audit programme through the conduct of:

- Internal control audits to determine that required internal controls are in place, are current and are working efficiently and effectively to minimise the operational and other risks faced by Surestone;
- Compliance audits to ensure conformance with the requirements of the various laws, regulations and standards which effect the business of Surestone;
- Information/data audits to ensure that all data collected by Surestone is stored, updated and destroyed in accordance with all applicable data protection legislation; and
- Special reviews of various areas of the business as may be required from time to time.

The internal audit function is outsourced to Mazars Ireland.

B.5.2 Independence of the internal audit function

Surestone's internal audit function is independent of the activities audited and must also be independent from the everyday internal control process. The following guidelines describe how the internal audit function maintains its independence and objectivity from the activities it reviews:

- The Board authorises the Internal Audit function to exercise its assignment on its own initiative in all departments, establishments and functions of Surestone and of all relevant sections of entities providing outsourced services to the Company.
- The Internal Audit function is free to report its findings and appraisals and to disclose them to the Audit Committee as required. This principle of independence of the Internal Audit function entails that the Internal Audit function operates under the direct control of the Audit Committee
- The Chairman of the Audit Committee communicates directly, and on his own initiative, to the Board as a whole, the Chairperson of the Board of directors, or the external auditors where appropriate. This reporting line is particularly important where the Internal Audit function, as part of its work, uncovers decisions or practices which are contrary to the letter and or spirit of legal or regulatory provisions or internal policies employed by or applicable to Surestone.
- The compensation scheme for those who are involved in discharging the responsibilities of the Internal Audit function is consistent with the objectives of the Internal Audit.
- The Internal Audit function is objective and impartial. All individuals (e.g. directors and staff and all entities providing outsourced services to Surestone) co-operate fully and on a proactive basis with the work of the Internal Audit function.
- All individuals involved in the work of the Internal Audit function seek to avoid any conflict of interest, real or perceived, with their duty to discharge the responsibilities of the Internal Audit function.
- Those involved in discharging the duties assigned to the Internal Audit function are not involved in the operations of Surestone or in selecting or implementing internal control measures.

B.6 ACTUARIAL FUNCTION

The Head of Actuarial Function (HoAF) has responsibility for the actuarial function and supporting the setting of the risk appetite by the Board and for providing comprehensive information on Surestone's underwriting performance and reserves which enable the Board to understand the overall risk profile of the Company. The HoAF maintains oversight communication with the Directors as appropriate.

Key duties and responsibilities include the following:

- (a) coordinate the calculation of technical provisions;
- (b) ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;

- (c) assess the sufficiency and quality of the data used in the calculation of technical provisions;
- (d) compare best estimates against experience;
- (e) inform the Board of the reliability and adequacy of the calculation of technical provisions;
- (f) oversee the calculation of technical provisions in the cases set out in Article 82;
- (g) express an opinion on the overall underwriting policy;
- (h) express an opinion on the adequacy of reinsurance arrangements; and
- (i) contribute to the effective implementation of the risk-management system, in particular with respect to the risk modelling underlying the calculation of the capital requirements.

The Head of Actuarial Function (HoAF) supports the ongoing compliance with Solvency II by performing the following key responsibilities:

- Contributing to the Risk Management Function and ORSA
- Opinion on ORSA to include range of risks considered, adequacy of stresses performed, appropriateness of Financial projections and continuous compliance with technical provisions

The HoAF function is outsourced to Barnett Waddingham LLP UK.

B.7 OUTSOURCING

B.7.1 Outsourcing policy

Surestone's outsourcing policy outlines the requirements for identifying, justifying, and implementing outsourcing arrangements for critical or important functions or activities. The policy is designed to ensure that critical outsourcing arrangements are managed effectively throughout the duration of the relationship and on termination.

The Board is ultimately responsible for the approval of and termination of all material outsourced arrangements and delegates authority to its Risk Committee for:

- Approval of material Outsourcing Providers
- Termination and exit strategies of material Outsourcing Providers
- Reviewing the performance of Outsourced Service Providers against the agreed contract.
- Assessing and monitoring the risks associated with material outsourced functions and activities.

The following risks and related mitigations available are considered as part of the approval process:

- The financial, reputational, and operational impact on Surestone of the failure of a Service Provider to adequately perform the activity;
- The financial, reputational, and operational impact on Surestone of Service Provider failure;
- Potential losses to Surestone's stakeholders in the event of Service Provider failure; and
- The risk associated with increased complexity in Business Continuity Planning (BCP).

The outsourcing of any activity by Surestone does not diminish its obligations and those of its Board, who have the ultimate responsibility for the outsourced activity. Surestone is therefore responsible for the actions of its Service Providers. Surestone retains full control of the ultimate activity and retains effective access to all data related to outsourced activities. Surestone considers all relevant laws, regulations and guidelines when completing its due diligence on potential Service Providers.

The outsourcing policy ensures that:

- Prior to the appointment or renewal of an outsourcing provider's services, appropriate due diligence is performed to assess the Service Provider's capability to meet the business activity.

- All material outsourcing arrangements are notified to the Central Bank of Ireland at least 6 weeks prior to commencing operations.
- All material outsourcing arrangements are undertaken using a written, legally binding contract. The contract must document all components of the outsourcing arrangement between the parties.
- The performance of the Service Provider is reviewed, at least on an annual basis, and compared against the performance targets as prescribed in the agreed Contract.
- The Company maintains adequate contingency plans for outsourcing arrangements to ensure business interruptions for both Surestone and policyholders are minimised.
- The Company maintains adequate exit plans as part of the outsourcing arrangements to ensure that where necessary outsourcing services are ceased without detriment to Surestone and Policyholders.
- The Risk Committee reports regularly to the Board on the assessment of the risks associated with the outsourcing of the various functions and activities as appropriate.

B.7.2 Outsourcing of critical or important operational functions

| Function | Location |
|--------------------------------|--------------|
| Internal audit | Ireland |
| Actuarial | UK |
| Underwriting support services | Ireland |
| Claims administration services | UK & Ireland |

B.8 ANY OTHER INFORMATION

Given the Company's run off situation, the loss of key management personnel is a material risk whereby the loss of key personnel could result in business interruption. The Company is actively managing this risk through (1) appropriate notice period in the contract; (2) enhanced retention package; and (3) utilising group support at short notice.

C. RISK PROFILE

Surestone has established its risk management framework to ensure that all the current and future material risk exposures are identified, measured, managed, monitored and reported in accordance with the Company's risk appetite statement and key tolerance limits.

Risks are measured on a residual basis with the likelihood of the event and potential financial impact of the event their main measures. Key Risk Indicators are monitored to identify trends or changes in risk exposures. Inherent risk exposures are continually monitored and are mitigated through controls. Surestone's material risks are captured within the ORSA process and are considered to be appropriately reflected within the standard formula and Surestone's own solvency needs.

The principal risks relating to the Company's business are:

- effective strategy to achieve an orderly run off;
- recoverability of ICL; and
- loss of key personnel resulting in business interruption.

C.1 UNDERWRITING RISK

Underwriting risk relates to the uncertainty regarding the occurrence, amount or timing of insurance claim payments or reserves. On December 24, 2019 the Company stopped writing business and as a result, the Company's underwriting risk is significantly reduced.

During the run-off period Surestone provides insurance cover for property, liability and miscellaneous financial loss risks for policies on cover on or before December 24, 2019 until the expiry of such policies. The Company continues to manage these risks through its risk policies (underwriting, reserving, outsourcing and reinsurance).

C.1.1 Underwriting

Underwriting risk was mitigated by underwriting due diligence and actuarial review of pricing and reserving prior to on-boarding of new business.

Surestone, in the past, used reinsurance arrangements to mitigate risk by capping risk exposure to within the Company's risk appetite.

Surestone had, prior to run-off, a risk of exposure to large individual losses. This risk was mitigated by reinsurance arrangements to protect the Company's net retained account against a single risk or an accumulation of similar exposures.

As the current underwriting portfolio does not contain any live liability or property policies the risk mitigation of Reinsurance is no longer required.

C.1.2 Reserving

Surestone establishes provisions for outstanding claims, which represent the estimated ultimate cost of settling all claims (including direct and indirect claims settlement costs). The reserves include provisions for claims incurred but not reported (IBNR). IBNR is largely an estimate of loss and claim adjustment expenses associated with future likely claims activity based on historical actual results that establish a reliable pattern. This pattern is used to estimate IBNR amounts and the timing of those amounts.

Surestone is exposed to the risk that reserves are insufficient to cover ultimate claim costs. This risk is mitigated by actuarial review, data accuracy guidelines and on-going monitoring and review of losses.

C.1.3 Reinsurance

Surestone purchased reinsurance protection for liability and property exposures, to limit its exposure to single claims and the aggregation of claims from catastrophic events. Reinsurance was placed on a Losses Occurring basis with companies that have a credit rating of A- or better.

As the current underwriting portfolio does not contain any live liability or property policies Reinsurance for this type of exposure is no longer required.

C1.4 Material risk concentrations

Surestone wrote business in the UK and Ireland across property, liability and miscellaneous financial loss lines of business and so was not widely diversified. Surestone uses reinsurance to reduce the concentration risk within its underwriting portfolio.

C1.5 Risk sensitivity for underwriting risks

Surestone carried out stress and scenario testing as part of the ORSA process, which included stress testing for the material underwriting risks and the projected solvency position over the run-off period.

The reduction in business over the run-off period has resulted in a reducing capital requirement during the run-off period.

C.2 MARKET RISK

Market risk is the risk of adverse financial impact because of market movements such as currency exchange rates, interest rates and other price changes. Market risk arises due to fluctuations in both value of assets held and value of liabilities. The objective of Surestone in managing its market risk is to ensure risk is managed in line with the Company's risk appetite. Surestone has established policies and procedures in order to manage risk and methods to measure it.

Surestone's most significant risk is its exposure to concentration risk on its loan to the Parent company. Surestone's investments comprise deposits with credit institutions and so it does not have a material exposure to other market risks.

C.2.1 Concentration risk

Concentration risk is the financial loss caused by a decrease in the value of assets corresponding to single name exposure. Surestone has a significant concentration risk due to the loan to the Parent company of £12.2million at 31 March 2024.

C.2.2 Interest rate and spread risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Spread risk is the risk that arises from the sensitivity of the value of assets and liabilities to changes in the level or in the volatility of credit spreads over the risk-free interest rate term structure.

Surestone has minimal exposure to interest rate and spread risk on its deposits with credit institutions. It has a spread risk exposure on its loan to the Parent company.

C.2.3 Foreign exchange risk

Foreign exchange risk is the risk that arises from changes in the level or volatility of currency exchange rates. Surestone is exposed to foreign currency risk because it undertakes certain transactions denominated in foreign currencies. The Company has minimal exposure to currency risk as Surestone's financial assets are primarily matched to the same currencies as its insurance contract liabilities.

C.2.4 Prudent person principle

Surestone applies the "Prudent Person Principle" in relation to investing its assets. It has taken a prudent investment approach by investing in cash deposits. The Company recognises that it has a significant exposure to the Parent company. This risk is monitored to ensure that it continues to be within risk appetite. Annual monitoring procedures have been established under the prudent person principle to assess security and quality of the asset.

C2.5 Material risk concentrations

As noted in C.2.1 above Surestone has a material risk concentration from the Parent company for the loan. In addition, the Company is exposed to concentration risk with credit institutions. Surestone manages these risks through its risk appetite monitoring.

C2.6 Risk sensitivity for market risks

Surestone's material market risk is exposure to its Parent company. Reverse stress testing was used in the ORSA to determine the level of default on the intercompany loan that Surestone could withstand before breaching the MCR.

Recoverability of ICL

As at 31 March 2024, the ICL principal balance plus accrued interest is £12.2m. The repayment of the balance has been extended to March 2028 with two specific conditions added to allow the Company to recall partial or full repayment immediately.

The Board actively monitors and assesses the repayment capability of the Group on an annual basis through analysing Group's ongoing financial position and the value of its core assets.

C.3 CREDIT RISK

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to Surestone. The key areas of exposure to credit risk are in relation to its loan to parent, reinsurance counterparties and to a lesser extent amounts due from policyholders and intermediaries. The objective of the Company in managing its credit risk is to ensure risk is managed in line with Surestone's risk appetite. Surestone has established policies and procedures in order to manage credit risk and methods to measure it. Surestone monitors its credit risk in relation to its counterparties by monitoring external credit ratings for the investments and assets held by the Company. Loans and receivables from policyholders, agents and intermediaries generally do not have a credit rating.

C.3.1 Material risk concentrations

Credit risk exposure on all items except the loan to the Parent company is currently not material. Exposure to risk of default on the loan is included in market concentration risk in section C.2.1 above.

C3.2 Risk sensitivity for credit risks

Surestone's material credit risk is exposure to its loan to the Parent company. Reverse stress testing on the intercompany loan was included in the material market risk sensitivity analysis described in C2.6 above.

C.4 LIQUIDITY RISK

Liquidity risk is the risk that Surestone cannot meet its obligations associated with financial liabilities as they fall due. Surestone has adopted an appropriate liquidity risk management framework for the management of the Company's liquidity requirements. Surestone manages liquidity risk by maintaining banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching maturity profiles of assets and liabilities. Surestone is exposed to liquidity risk arising from clients on its insurance contracts. In respect of catastrophic events, there is

liquidity risk from a difference in timing between claim payments and recoveries thereon from reinsurers. Liquidity management ensures that Surestone has sufficient access to funds necessary to cover claims, surrenders, withdrawals and maturing liabilities.

Surestone maintains its financial assets (excluding the intercompany loan) in cash and cash equivalents and deposits with credit institutions to minimise liquidity risk.

The total amount of the expected profit included in future premiums at 31 March 2024 was £0.

C.4.1 Material risk concentrations

Surestone considers that there are currently no material liquidity risk concentrations.

C.4.2 Risk sensitivity for liquidity risks

Given that liquidity is not a material risk for Surestone, no specific risk sensitivity was performed.

C.5 OPERATIONAL RISK

Operational risk refers to the risk of loss arising from inadequate or failed internal processes, or from personnel and systems or from external events. For Surestone, operational risks include for example, information technology, information security, human resources, outsourcing and regulatory risks.

Surestone is exposed to a number of operational risks:

Outsourcing risk

Surestone is exposed to the risk that outsourced service providers fail to provide services in line with expectations resulting in financial loss. This risk is mitigated by due diligence prior to onboarding of new outsourced service providers and at regular intervals, service level agreements and monitoring against agreed performance and requirements and regular audits.

Loss of key personnel

The Directors are acutely aware of the risk of business interruption from loss of key personnel during run off, in particular for a Company of this size.

It is pleasing to report that the Company has managed these issues effectively and continues to mitigate this risk with the following safeguards in place:

- Competitive remuneration packages for remaining employees;
- Notice periods in contracts would allow sufficient time to source a replacement and handover; and
- Parental support in place with relatively short notice.

Market and other risks, relating to the performance of those financial assets supporting policyholders' liabilities, are continually monitored by management.

Information technology risks

Surestone relies on information technology to support the business and as such may be susceptible to risks associated with information security, be that through security breaches, cyber-attacks or other failures or malfunctions. Information technology controls are in place, to mitigate such risks.

Regulatory risk

The Company is exposed to the risk of non-compliance with the Solvency II requirements. The Company monitors compliance with the solvency capital requirements through its risk appetite monitoring. The Company prepares compliance schedules and resource planning to ensure that all regulatory returns are submitted on time.

The Company has a material exposure to regulatory authorities in Ireland and the UK in respect of conduct risk. This risk is mitigated by due diligence reviews of consumer protection policies and controls in place at outsourced service providers prior to onboarding and reviews of monthly complaints information and follow up audits.

Data and management information risk

The Company is very dependent on outsource providers to provide appropriate data and management information (MI) to the Company. In addition, the Company needs effective systems to ensure that the appropriate data and MI is available for financial and statutory reporting, exposure management and to support decision-making.

The Company is also exposed to the risk of non-adherence with Data Protection regulations, including the GDPR requirements. The Company performed due diligence on all MGAs to ensure that they have effective data protection policies in place. The Company has implemented its own data protection policies.

C.5.1 Other material risk concentrations

Surestone considers that there are currently no material operational risk concentrations.

C5.2 Risk sensitivity for operational risks

There was no operational risk stressed scenario which, if it occurred in isolation, would materially reduce the projected capital ratios.

C.6 OTHER MATERIAL RISKS

The Company made the appropriate contingencies with respect to potential for both the 'Hard' and 'Soft' Brexit outcomes. Brexit's impact on the Company irrespective of the European Union implementation was minimal and the Company continued to meet its obligations to policyholders following the end of the transition period (i.e. after 31 Dec 2020). The Company no longer deems this risk to be material to it as it continues its orderly run-off.

The Company has entered into the Financial Services Contracts Regime ("FSCR") regime, which accommodates the servicing of existing contracts in place for the period of the run-off of those contracts. The FSCR is intended to enable firms who do not enter the TPR to wind down their UK business in an orderly fashion.

C.6.1 Off-balance sheet positions

Surestone does not have off-balance sheet positions and does not use special purpose vehicles.

C.7 ANY OTHER INFORMATION

Surestone does not have any other material information regarding their risk profile for disclosure, other than as disclosed above.

D. VALUATION FOR SOLVENCY PURPOSES

D.1 ASSETS

The following table provides a breakdown of the Company's assets as reported under Solvency II and Local GAAP as at 31 March 2024.

| Assets | Local GAAP £'000 | Reclassification £'000 | Valuation difference £'000 | Solvency II value £,000 |
|--|-----------------------------|-----------------------------------|---|--|
| Other loans and mortgages | 12,219 | - | - | 12,219 |
| Deposits other than cash equivalents | 12,745 | - | - | 12,745 |
| Insurance & intermediaries receivable | 168 | (168) | - | - |
| Cash & cash equivalents | 1,227 | 151 | - | 1,378 |
| Any other assets | 106 | - | (25) | 81 |
| Total assets | 26,465 | (17) | (25) | 26,423 |

The information below provides a description of the bases, methods and main assumptions used for the valuation for solvency purposes for material assets. A quantitative and qualitative explanation of material differences for the valuation between local GAAP and Solvency II is also provided.

D.1.1 Other loans and mortgages

Other loans and mortgages comprise the loan to Parent company. The loan has been valued at amortised cost under local GAAP which approximates fair value under Solvency II.

D.1.2 Deposits other than cash equivalents

Bank deposits represent amounts of term deposits with local financial institutions. The maturity dates are less than twelve months and are carried at cost in the local GAAP balance sheet as a reasonable approximation to the fair value. Therefore, such balances are considered to be held at fair value for Solvency II purposes.

D.1.3 Reinsurance recoverable

See section D.2.6.

D.1.4 Insurance and intermediaries receivables

Insurance and intermediaries receivables consist mainly of premium receivables from MGA counterpart and claims floats held by third party TPAs. Under local GAAP insurance and intermediaries receivables are valued at cost while the Solvency II balance sheet values them at fair value. No adjustment is required to these valuations as the amounts held under local GAAP measurements principles are deemed to be approximations for fair value. As these are insurance balances for Solvency II purposes they have been re-classified to the Technical Provision balance.

D.1.5 Cash and cash equivalents

Cash and cash equivalents represent amounts of cash on hand and short-term deposits. Cash and cash equivalents are carried at face value in the local GAAP balance sheet as best representing their fair value. Therefore, such balances are considered to be held at fair value for Solvency II purposes.

D.1.6 Any other assets

The balance under local GAAP consists of prepayment and insurance premium tax receivable from an MGA counterpart. Under Solvency II, prepayment is disallowed from a valuation perspective.

D.2 TECHNICAL PROVISIONS

D.2.1 Technical provisions by material line of business

Technical provisions by material line of business as at 31 March 2024 were (£000s):

| Line of Business | Gross Best Estimate Liability | Risk Margin | Recoverable from Reinsurance contracts and SPVs | Total Technical Provisions net of Recoverable |
|---|-------------------------------|-------------|---|---|
| Fire and other damage to property insurance | 583 | 16 | - | 599 |
| General liability insurance | 6,011 | 166 | - | 6,177 |
| Assistance | 1 | - | - | 1 |
| Miscellaneous financial loss | 72 | 2 | - | 74 |
| Total | 6,667 | 184 | - | 6,851 |

D.2.2 Level of uncertainty associated with the technical provisions

The uncertainty surrounding the Technical Provisions is slightly higher than might be the case for a typical non-life insurer.

As Surestone's portfolio is comparatively small, it may not achieve the same level of diversification as other property and liability insurers and so Surestone is more susceptible to the impact of large single losses. Additionally, as the portfolio is small, Surestone places a greater reliance on benchmark data when calculating the Technical Provisions than may typically be the case. This exposes Surestone to a basis risk.

However, there are several mitigating factors which offset the risks described above. Specifically, the Company had Excess of Loss Reinsurance protection in place which cap the Company's exposure to any single loss. The Company held a Downside Risk Loading balance in the Technical Provision in recognition of the uncertainty present in run-off as part of the best estimate however this has been fully run off since June 2023.

D.2.3 Technical provision bases, methods and main assumptions

The approach to the calculation of the Technical Provisions is consistent between lines of business. Undiscounted claims provisions are broadly estimated using the chain ladder method.

D.2.4 Reconciliation to the GAAP technical provisions

| Technical Provisions | Local GAAP £'000 | Reclassification £'000 | Valuation difference £'000 | Solvency II value £,000 |
|-----------------------------------|-----------------------------|-----------------------------------|---|--|
| Technical provisions | 5,371 | 10 | 1,470 | 6,851 |
| Total technical provisions | 5,371 | 10 | 1,470 | 6,851 |

D.2.4.1 Technical provisions

There are no differences between the bases, methods and main assumptions used by Company for the valuation of the Claim Provisions for solvency purposes and those used for their valuation in financial statements. For all lines of business, the Company uses the undiscounted Best Estimate Claims Provision as a floor for the Technical Provisions booked in its Financial Statements, with an appropriate margin for prudence added to this figure.

D.2.5 Adjustments to the calculation of technical provisions

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

D.2.6 Recoverable from reinsurance contracts

Recoverable from reinsurance contracts are as follows:

- Excess of loss recoverable on liability business – there is no recovery at 31 March 2024;
- Reinsurance balances payable and receivable – under Article 28 of the Delegated Acts and in accordance with market practice these are included in Solvency II Technical Provisions (to the extent that receivables are not past due).

D.2.7 Material changes in relevant assumptions

There have been no other material changes in the relevant assumptions made in the calculation of technical provisions compared to the prior year.

D.3 OTHER LIABILITIES

The following table provides details of Surestone's material other liabilities as at 31 March 2024 as presented in Surestone's GAAP financial statements and under Solvency II.

| Other Liabilities | Local GAAP £'000 | Reclassification £'000 | Valuation Difference £'000 | Solvency II value £'000 |
|-------------------------------------|-----------------------------|-----------------------------------|---|--|
| Insurance & intermediaries payables | 27 | (27) | - | - |
| Payables (trade, not insurance) | 164 | - | - | 164 |
| Subordinated liabilities | 8,437 | - | - | 8,437 |
| Total | 8,628 | (27) | - | 8,601 |

D.3.1 Insurance & Intermediaries payables

Insurance & intermediaries payable consists mainly of claims payable from insurance contracts. Under local GAAP insurance & intermediaries payable are valued at cost while the Solvency II Balance Sheet values them at fair value. No adjustment is required to these valuations as the amounts held under local GAAP measurements principles are deemed to be approximations for fair value. As these are insurance balances for Solvency II purposes they have been reclassified to the Technical Provision balance.

D.3.2 Payables (trade, not insurance)

Payables (trade, not insurance) are made up of all non-insurance related debts, unsettled transactions or other monetary obligations owed by the Company to its creditors. Under local GAAP other payables comprise short-term payables which are recorded at cost and are an approximation to the fair value of these liabilities.

D.3.3 Subordinated liabilities

Subordinated liabilities comprise a floating rate subordinated loan note that is due in 2035. The loan note of GBP 6.8 million (EUR 10 million) was issued on 20 January 2006. Net proceeds of this issue were GBP 6.55 million (EUR 9.62 million). Subordinated liabilities are included at Par in both the GAAP balance sheet and the Solvency II balance sheet.

D.4 ALTERNATIVE METHODS FOR VALUATION

The Company does not use any alternative methods for valuation.

D.5 ANY OTHER INFORMATION

There is no other material information to disclose regarding the valuation of assets and liabilities for solvency purposes other than what has been disclosed above.

E. CAPITAL MANAGEMENT

E.1 OWN FUNDS

Surestone has a capital management policy to ensure that there are own fund items available to meet the capital requirements and that processes are in place to ensure the appropriateness of the own fund items. Surestone has developed a medium-term capital management plan. This plan is reviewed at least annually following the completion of the ORSA and specifically addresses any capital needs that are identified. Surestone's capital needs and stresses are considered in the ORSA over a 3 year planning period. The capital position of the Company is reviewed quarterly as part of the risk appetite monitoring process.

The table below provides a breakdown of the Company own funds by tier level. The table also sets out the movement in own funds between 1st April 2023 and 31st March 2024.

| | Tier 1 £'000 | Tier 2 £'000 | Total £'000 |
|----------------------------------|-------------------------------|-------------------------------|------------------------------|
| April 1, 2023 | 10,993 | 8,653 | 19,646 |
| Movement during year | (22) | (216) | (238) |
| March 31, 2024 | 10,971 | 8,437 | 19,408 |
| Eligible amount to cover the SCR | 10,971 | 4,956 | 15,927 |
| Eligible amount to cover the MCR | 10,971 | 690 | 11,661 |

At 31 March 2024 Tier 1 funds include £8,122,000 (2023: £8,122,000) of paid up share capital, £2,900,000 (2023: £2,900,000) of additional paid in capital and the reconciliation reserve of £(51,000) (2023: £(29,000)). The paid up share capital do not have any special terms or conditions attached to it and is fully available to absorb losses. A breakdown of the parts of the reconciliation reserves is provided in section E1.1 below.

Tier 2 funds include a subordinated loan note. On 20 January 2006 the Company issued a €10 million (£6.8 million) floating rate subordinated loan note due in 2035 which is fully available to absorb losses and in the case of winding up, ranks behind all policyholders and beneficiaries and non-subordinated creditors. This subordinated loan note satisfies all the requirements of Tier 2 own funds as set out in article 73 of the Commission Delegated Regulations (EU) 2015. Its value is subject to the eligibility limits per art. 82 of the Regulations as shown below.

Criteria to satisfy the SCR:

- the proportion of Tier 1 must be at least equal to 50% of the SCR;

Criteria to satisfy the MCR:

- the share of Tier 1 capital must be at least equal to 80% of the MCR;

E.1.1 RECONCILIATION RESERVE

The following table provides a breakdown of Surestone's reconciliation reserve as at 31 March 2024:

| Reconciliation Reserve | Amount £'000 | Description |
|--------------------------------------|-------------------------|---|
| Net technical provisions | (1,495) | Adjustment for Solvency II valuation difference |
| Revenue reserves | 1,444 | |
| Total reconciliation reserves | (51) | |

Net technical provision valuation difference primarily consists of £2.3m Solvency II run off expense provision and offset by £0.8m of re-classification difference.

E.1.2 Solvency II excess assets over liabilities and financial statement equity reconciliation

The following table provides a reconciliation of equity shown in the financial statements to the Solvency II value of excess assets over liabilities:

| | 31 March 2024 £'000 |
|--|--------------------------------|
| Equity per financial statements | 12,467 |
| Technical provisions valuation difference | (1,495) |
| Other miscellaneous difference | (1) |
| Solvency II value of excess assets over liabilities | 10,971 |

E1.3 Transitional Arrangements

There are no own funds items subject to transitional arrangements.

E1.4 Ancillary own funds

Surestone has no ancillary own funds.

E1.5 Analysis of material changes in each Tier

The deduction in Tier 2 funds of £216,000 is due to a foreign exchange revaluation of £207,000 and capitalisation of loan fees of £9,000.

E.2 SOLVENCY CAPITAL REQUIREMENT & MINIMUM CAPITAL REQUIREMENT

Surestone's Solvency Capital Requirement (SCR) has been calculated using the standard formula. The SCR and Minimum Capital Requirement (MCR) are shown below:

| | March 31, 2024 £'000 | April 1, 2023 £'000 |
|------------------------------|---------------------------------|--------------------------------|
| Solvency Capital Requirement | 9,912 | 9,770 |
| Minimum Capital Requirement | 3,448 | 3,448 |

E.2.1 Solvency Capital Requirement

The following table provides a summary of the SCR split by risk modules:

| | March 31, 2024 |
|----------------------------|-----------------------|
| | £'000 |
| Market Risk | 8,923 |
| Counterparty Risk | 190 |
| Health Underwriting Risk | - |
| Non-Life Underwriting Risk | 2,058 |
| Diversification Benefit | (1,460) |
| Basic SCR | 9,712 |
| Operational Risk | 200 |
| SCR | 9,912 |

Surestone calculates the SCR using the standard formula. The Company does not use simplifications or undertaking specific parameters when calculating the risk modules and sub-modules of the standard formula.

The SCR increased from £9.8 million to £9.9 million primarily due to increase in market risk charge from ICL. As at 31 March 2024, the Company's SCR ratio is 160.7%.

E.2.2 Minimum Capital Requirement

The following table provides the information on the inputs used to calculate the MCR:

| | March 31, 2024 |
|-----------------------------|-----------------------|
| | £'000 |
| Linear MCR | 688 |
| SCR | 9,912 |
| Combined MCR | 2,478 |
| Minimum Capital Requirement | 3,448 |

The basis of the MCR calculation is set out in the Delegated Regulations. The result of the MCR calculations is such that the basis MCR for the Company is currently determined as 34.8% of the SCR.

The MCR base value was €4.0m during the reporting period.

As at March 31, 2024, the Company's MCR ratio is 338.2%.

E.3 USE OF THE DURATION-BASED EQUITY RISK SUB-MODULE IN THE CALCULATION OF THE SOLVENCY CAPITAL REQUIREMENT

The Company is not using the duration-based equity risk sub-module for the calculation of the SCR.

E.4 DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODEL USED

The Company calculates its SCR in accordance with the Standard Formula.

E.5 NON-COMPLIANCE WITH THE MINIMUM CAPITAL REQUIREMENT AND NON-COMPLIANCE WITH THE SOLVENCY CAPITAL REQUIREMENT

Surestone was compliant with the SCR and MCR requirements at year ended March 31, 2024.

E.6 ANY OTHER INFORMATION

Surestone does not have any other material information regarding capital management to disclose, other than what has been disclosed above.

APPENDIX A - QUANTITATIVE REPORTING TEMPLATES (QRT)

The following QRT templates, applicable to the Company, are required for the Solvency and Financial Condition Report. The reporting currency is GBP rounded to the nearest £000.

| Template ref | Template Name |
|---------------------|---|
| S.02.01.02 | Balance Sheet |
| S.05.01.02 | Premiums, claims and expenses by line of business |
| S.17.01.02 | Non-Life Technical Provisions |
| S.19.01.21 | Non-Life Claims Information |
| S.23.01.01 | Own Funds |
| S.25.01.21 | Solvency Capital Requirement |
| S.28.01.01 | Minimum Capital Requirement |

Note: Tables within this report contain minor rounding differences in certain instances due to amounts being displayed in thousands while the source workings underlying the annual reporting templates are calculated to whole numbers. These differences are immaterial.

S.02.01.02

Balance sheet

| | | Solvency II value |
|--|--------------|-------------------|
| | | C0010 |
| Assets | | |
| Goodwill | R0010 | |
| Deferred acquisition costs | R0020 | |
| Intangible assets | R0030 | |
| Deferred tax assets | R0040 | |
| Pension benefit surplus | R0050 | |
| Property, plant & equipment held for own use | R0060 | |
| Investments (other than assets held for index-linked and unit-linked contracts) | R0070 | 12,745 |
| Property (other than for own use) | R0080 | |
| Holdings in related undertakings, including participations | R0090 | |
| Equities | R0100 | |
| Equities - listed | R0110 | |
| Equities - unlisted | R0120 | |
| Bonds | R0130 | |
| Government Bonds | R0140 | |
| Corporate Bonds | R0150 | |
| Structured notes | R0160 | |
| Collateralised securities | R0170 | |
| Collective Investments Undertakings | R0180 | |
| Derivatives | R0190 | |
| Deposits other than cash equivalents | R0200 | 12,745 |
| Other investments | R0210 | |
| Assets held for index-linked and unit-linked contracts | R0220 | |
| Loans and mortgages | R0230 | 12,219 |
| Loans on policies | R0240 | |
| Loans and mortgages to individuals | R0250 | |
| Other loans and mortgages | R0260 | 12,219 |
| Reinsurance recoverables from: | R0270 | 0 |
| Non-life and health similar to non-life | R0280 | 0 |
| Non-life excluding health | R0290 | 0 |
| 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 | - |
| Reinsurance receivables | R0370 | - |
| Receivables (trade, not insurance) | R0380 | |
| Own shares (held directly) | R0390 | |
| Amounts due in respect of own fund items or initial fund called up but not yet paid in | R0400 | |
| Cash and cash equivalents | R0410 | 1,378 |
| Any other assets, not elsewhere shown | R0420 | 81 |
| Total assets | R0500 | 26,423 |

| | | |
|--|--------------|---------------|
| Liabilities | | |
| Technical provisions – non-life | R0510 | 6,851 |
| Technical provisions – non-life (excluding health) | R0520 | 6,851 |
| Technical provisions calculated as a whole | R0530 | |
| Best Estimate | R0540 | 6,667 |
| Risk margin | R0550 | 184 |
| Technical provisions - health (similar to non-life) | R0560 | - |
| Technical provisions calculated as a whole | R0570 | |
| Best Estimate | R0580 | |
| Risk margin | R0590 | |
| Technical provisions - life (excluding index-linked and unit-linked) | R0600 | |
| Technical provisions - health (similar to life) | R0610 | - |
| 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 | |
| Other technical provisions | R0730 | |
| Contingent liabilities | R0740 | |
| Provisions other than technical provisions | R0750 | |
| Pension benefit obligations | R0760 | |
| Deposits from reinsurers | R0770 | |
| Deferred tax liabilities | R0780 | |
| Derivatives | R0790 | |
| Debts owed to credit institutions | R0800 | |
| Debts owed to credit institutions resident domestically | ER0801 | |
| Debts owed to credit institutions resident in the euro area other than domestic | ER0802 | |
| Debts owed to credit institutions resident in rest of the world | ER0803 | |
| Financial liabilities other than debts owed to credit institutions | R0810 | |
| Debts owed to non-credit institutions resident domestically | ER0811 | |
| Debts owed to non-credit institutions resident domestically | ER0812 | |
| Debts owed to non-credit institutions resident in the euro area other than domestic | ER0813 | |
| Debts owed to non-credit institutions resident in rest of the world | ER0814 | |
| Other financial liabilities (debt securities issued) | ER0815 | |
| Insurance & intermediaries payables | R0820 | - |
| Reinsurance payables | R0830 | - |
| Payables (trade, not insurance) | R0840 | 164 |
| Subordinated liabilities | R0850 | 8,437 |
| Non-negotiable instruments held by credit institutions resident domestically | ER0851 | - |
| Non-negotiable instruments held by credit institutions resident in the euro area other than domestic | ER0852 | - |
| Non-negotiable instruments held by credit institutions resident in rest of the world | ER0853 | - |
| Non-negotiable instruments held by non-credit institutions resident domestically | ER0854 | - |
| Non-negotiable instruments held by non-credit institutions resident in the euro area other than domestic | ER0855 | - |
| Non-negotiable instruments held by non-credit institutions resident in rest of the world | ER0856 | - |
| Subordinated liabilities not in Basic Own Funds | R0860 | - |
| Subordinated liabilities in Basic Own Funds | R0870 | 8,437 |
| Any other liabilities, not elsewhere shown | R0880 | - |
| Total liabilities | R0900 | 15,452 |
| Excess of assets over liabilities | R1000 | 10,971 |

S.05.01.02

Premiums, claims and expenses by line of business

| | | Line of Business for: non-life insurance and reinsurance obligations (direct) | | | | | Total |
|---|-------|---|---|-----------------------------|------------|------------------------------|-------|
| | | Income protection insurance | Fire and other damage to property insurance | General liability insurance | Assistance | Miscellaneous financial loss | |
| | | C0020 | C0070 | C0080 | C0110 | C0120 | |
| Premiums written | | | | | | | |
| Gross - Direct Business | R0110 | | - | - | - | 4 | 4 |
| Gross - Proportional reinsurance accepted | R0120 | | | | | | |
| Gross - Non-proportional reinsurance accepted | R0130 | | | | | | |
| Reinsurers' share | R0140 | - | - | - | - | - | - |
| Net | R0200 | - | - | - | - | 4 | 4 |
| Premiums earned | | | | | | | |
| Gross - Direct Business | R0210 | | - | - | - | 4 | 4 |
| Gross - Proportional reinsurance accepted | R0220 | | - | - | - | - | - |
| Gross - Non-proportional reinsurance accepted | R0230 | | - | - | - | - | - |
| Reinsurers' share | R0240 | | - | - | - | - | - |
| Net | R0300 | - | - | - | - | 4 | 4 |
| Claims incurred | | | | | | | |
| Gross - Direct Business | R0310 | | 7 | 15 | - | 0 | 22 |
| Gross - Proportional reinsurance accepted | R0320 | | - | - | - | - | - |
| Gross - Non-proportional reinsurance accepted | R0330 | | - | - | - | - | - |
| Reinsurers' share | R0340 | | - | - | - | - | - |
| Net | R0400 | - | 7 | 15 | - | 0 | 22 |
| Expenses incurred | R0550 | | 321 | 696 | - | 17 | 1,034 |
| Administrative expenses | | | | | | | |
| Gross - Direct Business | R0610 | | | | | | |
| Gross - Proportional reinsurance accepted | R0620 | | | | | | |
| Gross - Non-proportional reinsurance accepted | R0630 | | | | | | |
| Reinsurers' share | R0640 | | | | | | |
| Net | R0700 | | | | | | |
| Investment management expenses | | | | | | | |
| Gross - Direct Business | R0710 | | | | | | |
| Gross - Proportional reinsurance accepted | R0720 | | | | | | |
| Gross - Non-proportional reinsurance accepted | R0730 | | | | | | |
| Reinsurers' share | R0740 | | | | | | |
| Net | R0800 | | | | | | |
| Claims management expenses | | | | | | | |
| Gross - Direct Business | R0810 | | | | | | |
| Gross - Proportional reinsurance accepted | R0820 | | | | | | |
| Gross - Non-proportional reinsurance accepted | R0830 | | | | | | |
| Reinsurers' share | R0840 | | | | | | |
| Net | R0900 | | | | | | |
| Acquisition expenses | | | | | | | |
| Gross - Direct Business | R0910 | - | 0 | 1 | - | 1 | 1 |
| Gross - Proportional reinsurance accepted | R0920 | | | | | | |
| Gross - Non-proportional reinsurance accepted | R0930 | | | | | | |
| Reinsurers' share | R0940 | | | | | | |
| Net | R1000 | - | 0 | 1 | - | 1 | 1 |
| Overhead expenses | | | | | | | |
| Gross - Direct Business | R1010 | | 322 | 697 | - | 16 | 1,035 |
| Gross - Proportional reinsurance accepted | R1020 | | | | | | |
| Gross - Non-proportional reinsurance accepted | R1030 | | | | | | |
| Reinsurers' share | R1040 | | | | | | |
| Net | R1100 | | 322 | 697 | - | 16 | 1,035 |
| Balance - other technical expenses/income | R1210 | | | | | | - |
| Total technical expenses | R1300 | | | | | | 1,034 |

S.19.01.21

Non-life insurance claims

Total Non-Life Business

| | |
|--------------|-------------------------|
| | Underwriting year [UWY] |
| Z0010 | |

Accident year /
Underwriting year

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

| Year | Development year | | | | | | | | | | | Sum of years (cumulative) |
|-------|------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|------------------------------|
| | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 & + | |
| Prior | C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 | C0100 | C0110 | C0180 |
| N-9 | 1,366 | 4,369 | 1,867 | 594 | 342 | 677 | 164 | 395 | 61 | 13 | | 30 |
| N-8 | 1,127 | 4,577 | 2,635 | 1,022 | 127 | 195 | 59 | 91 | 153 | | | 9,849 |
| N-7 | 825 | 2,137 | 1,662 | 537 | 192 | 8 | 43 | 30 | | | | 9,986 |
| N-6 | 214 | 2,805 | 1,534 | 488 | 350 | 418 | 273 | | | | | 5,420 |
| N-5 | 395 | 2,916 | 1,486 | 321 | 240 | 175 | | | | | | 6,084 |
| N-4 | 842 | 3,340 | 1,204 | 236 | 254 | | | | | | | 5,533 |
| N-3 | - | - | - | - | - | - | - | - | - | - | - | 5,876 |
| N-2 | - | - | - | - | - | - | - | - | - | - | - | - |
| N-1 | - | - | - | - | - | - | - | - | - | - | - | - |
| N | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | | | | | | | | | | | | 928 |
| | | | | | | | | | | | | 42,778 |

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

| Year | Development year | | | | | | | | | | | Year end (discounted) |
|-------|------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------------------------|
| | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 & + | |
| Prior | C0200 | C0210 | C0220 | C0230 | C0240 | C0250 | C0260 | C0270 | C0280 | C0290 | C0300 | C0360 |
| N-9 | - | - | 1,320 | 1,676 | 1,582 | 1,696 | 1,268 | 418 | 290 | 758 | - | 836 |
| N-8 | - | 8,605 | 3,507 | 834 | 665 | 1,388 | 944 | 1,206 | 884 | | | 757 |
| N-7 | 5,400 | 3,094 | 1,099 | 892 | 489 | 224 | 142 | 39 | | | | 1,110 |
| N-6 | 1,960 | 3,519 | 3,344 | 2,965 | 3,377 | 2,353 | 1,946 | | | | | 1,821 |
| N-5 | 2,355 | 7,918 | 4,470 | 3,520 | 2,290 | 1,750 | | | | | | 1,627 |
| N-4 | 3,672 | 5,877 | 3,964 | 2,992 | 1,646 | | | | | | | 1,518 |
| N-3 | - | - | - | - | - | - | - | - | - | - | - | 0 |
| N-2 | - | - | - | - | - | - | - | - | - | - | - | - |
| N-1 | - | - | - | - | - | - | - | - | - | - | - | - |
| N | - | - | - | - | - | - | - | - | - | - | - | - |
| | | | | | | | | | | | | 6,669 |

S.23.01.01

Own funds

| | | Total | Tier 1 - unrestricted | Tier 1 - restricted | Tier 2 | Tier 3 |
|--|-------|--------|--------------------------|------------------------|--------|--------|
| | | C0010 | C0020 | C0030 | C0040 | C0050 |
| Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35 | | | | | | |
| Ordinary share capital (gross of own shares) | R0010 | 8,122 | 8,122 | | | |
| 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 | - 51 | - 51 | | | |
| Subordinated liabilities | R0140 | 8,437 | | | 8,437 | |
| 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 | 2,900 | 2,900 | | | |
| 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 | 19,408 | 10,971 | | 8,437 | |
| 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 | 19,408 | 10,971 | | 8,437 | |
| Total available own funds to meet the MCR | R0510 | 19,408 | 10,971 | | 8,437 | |
| Total eligible own funds to meet the SCR | R0540 | 15,927 | 10,971 | | 4,956 | |
| Total eligible own funds to meet the MCR | R0550 | 11,661 | 10,971 | | 690 | |
| SCR | R0580 | 9,912 | | | | |
| MCR | R0600 | 3,448 | | | | |
| Ratio of Eligible own funds to SCR | R0620 | 161% | | | | |
| Ratio of Eligible own funds to MCR | R0640 | 338% | | | | |

S.23.01.01

Reconciliation reserve

| | | C0060 |
|---|-------|--------|
| Reconciliation reserve | | |
| Excess of assets over liabilities | R0700 | 10,971 |
| Own shares (held directly and indirectly) | R0710 | |
| Foreseeable dividends, distributions and charges | R0720 | |
| Other basic own fund items | R0730 | 11,022 |
| Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds | R0740 | |
| Reconciliation reserve | R0760 | - 51 |
| 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 | |

| S.25.01.21 | | | | |
|---|--------------|------------------------------------|-------|-----------------|
| Solvency Capital Requirement - for undertakings on Standard Formula | | | | |
| | | Gross solvency capital requirement | USP | Simplifications |
| | | C0110 | C0090 | C0100 |
| Market risk | R0010 | 8,923 | | - |
| Counterparty default risk | R0020 | 190 | | |
| Life underwriting risk | R0030 | - | - | - |
| Health underwriting risk | R0040 | - | - | - |
| Non-life underwriting risk | R0050 | 2,058 | - | - |
| Diversification | R0060 | - 1,460 | | |
| Intangible asset risk | R0070 | - | | |
| Basic Solvency Capital Requirement | R0100 | 9,712 | | |
| | | C0100 | | |
| Operational risk | R0130 | 200 | | |
| 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 | 9,912 | | |
| Capital add-on already set | R0210 | - | | |
| Solvency capital requirement | R0220 | 9,912 | | |
| 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 | - | | |

S.28.01.01

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

Linear formula component for non-life insurance and reinsurance obligations

| | | C0010 | |
|--|-------|---|---|
| MCR _{NL} Result | R0010 | 688 | |
| | | Net (of reinsurance/SPV) best estimate and TP calculated as a whole | Net (of reinsurance) written premiums in the last 12 months |
| | | C0020 | C0030 |
| Medical expense insurance and proportional reinsurance | R0020 | | |
| Income protection insurance and proportional reinsurance | R0030 | | |
| Workers' compensation insurance and proportional reinsurance | R0040 | | |
| Motor vehicle liability insurance and proportional reinsurance | R0050 | | |
| 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 | 583 | - |
| General liability insurance and proportional reinsurance | R0090 | 6,011 | - |
| Credit and suretyship insurance and proportional reinsurance | R0100 | | |
| Legal expenses insurance and proportional reinsurance | R0110 | | |
| Assistance and proportional reinsurance | R0120 | 1 | - |
| Miscellaneous financial loss insurance and proportional reinsurance | R0130 | 72 | - |
| Non-proportional health reinsurance | R0140 | | |
| Non-proportional casualty reinsurance | R0150 | | |
| Non-proportional marine, aviation and transport reinsurance | R0160 | | |
| Non-proportional property reinsurance | R0170 | | |

Overall MCR calculation

| | | C0070 |
|------------------------------------|-------|--------------|
| Linear MCR | R0300 | 688 |
| SCR | R0310 | 9,912 |
| MCR cap | R0320 | 4,460 |
| MCR floor | R0330 | 2,478 |
| Combined MCR | R0340 | 2,478 |
| Absolute floor of the MCR | R0350 | 3,448 |
| Minimum Capital Requirement | R0400 | 3,448 |