Solvency and Financial Condition Report

Kingfisher Insurance DAC

Report Dated 31st January 2017

Table of Contents

Section 1 : Business Performance: Year Ended 31st January 2017 1

1.1 General Information about the Business 1

1.2 Underwriting Performance 3

1.3 Financial Performance 4

1.4 Investment Performance 5

Section 2 : Systems of Governance 6

2.1 General Information 6

2.2 Fit and Proper Requirements 11

2.3 Risk Management System 12

2.4 Internal Control System 18

2.5 Outsourcing 20

Section 3 : Risk Profile 21

3.1 Underwriting Risk 21

3.2 Market Risk 22

3.3 Credit Risk 22

3.4 Liquidity Risk 22

3.5 Operational Risk 23

3.6 Other Material Risks 23

Section 4 : Valuation for Solvency Purposes 24

4.1 Assets 24

4.2 Technical Provisions 25

4.3 Other Liabilities 27

4.4 Alternative methods for valuation 28

Section 5 : Capital Management 29

5.1 Own Funds 29

5.2 SCR & MCR 30

5.3 Use of duration based equity risk Sub module in SCR calculation 30

5.4 Non Compliance with MCR and SCR during the period 31

This page is intentionally blank

Section 1: Business Performance: Year Ended 31st January 2017

This Solvency and Financial Condition Report (SFCR) has been prepared to allow Kingfisher Insurance DAC ('KIDAC' or 'the Company') to comply with the Pillar III reporting requirements under Directive 2009/138/EC and associated Regulations ('the Solvency II Directive')

The Company has set a target Solvency Capital Requirement (SCR) cover ratio of 115% by year end 31st January 2018.

1.1 General Information about the Business

Legal Form

The Company was licensed in Ireland 31 January 1994 and is a wholly owned subsidiary of Kingfisher plc It is authorised by the Central Bank of Ireland (CBI) to carry on the business of insurance in accordance with the regulations as defined in European Union (Insurance and Reinsurance) Regulations 2015 (S.I. 485 of 2015).

Shareholder

Kingfisher plc

Supervisory Authority

The Central Bank of Ireland

Registered Office and Registered Number

Registered Office: Elm Park, Merrion Road, Dublin 4, Ireland

Registered Number: 208317

Auditor

Deloitte, Hardwicke House, Hatch Street, Dublin 2

Risk Profile

Kingfisher Insurance DAC is licenced to write the following classes of business

- Class 3: Land Vehicles
- Class 6: Ships
- Class 7: Goods In Transit
- Class 8: Fire and Natural Forces
- Class 9: Other Damage to Property
- Class 10: Motor Vehicle Liability
- Class 11: Liability to Ships
- Class 13: General Liability
- Class 16: Miscellaneous Financial Loss

Material Geographical Areas

- EU/EEA (UK, France, Spain, Germany, Poland, Ireland)

Significant events in the reporting period

There were no significant events within the reporting period that had a material impact on the Company.

1.2 Underwriting Performance

All amounts in thousands of Pounds Sterling (GBP'000)

Gross Premium Written: 2017	PDBI	Liability	Total
Risks located in Ireland	-	-	-
Risks located in other EU countries	5,787	3,654	9,441
Risks Located outside EU	-	-	-
Total	**5,787**	**3,654**	**9,441**

Gross Premium Written: 2016	PDBI	Liability	Total
Risks located in Ireland	-	-	-
Risks located in other EU countries	6,934	4,429	11,363
Risks Located outside EU	-	-	-
Total	**6,934**	**4,429**	**11,363**

Technical Result: 2017	PDBI	Liability	Total
Gross earned premium	5,787	3,654	9,441
Gross incurred claims	(1,777)	(528)	(2,305)
Gross operating expenses	(373)	(236)	(609)
Reinsurance premiums paid	(5,697)	-	(5,697)
Reinsurance balance	(1,043)	-	(1,043)
Allocated investment return	29	29	58
Net technical result	**(3,074)**	**2,919**	**(155)**

Technical Result: 2016	PDBI	Liability	Total
Gross earned premium	6,934	4,429	11,363
Gross incurred claims	(7,071)	(4,539)	(11,610)
Gross operating expenses	(236)	(151)	(387)
Reinsurance premiums paid	(6,877))	-	(6,877)
Reinsurance balance	6,719	-	6,719
Allocated investment return	35	35	70
Net technical result	**(496)**	**(226)**	**(722)**

1.3 Financial Performance

	2017 GBP'000	2016 GBP'000
Gross premiums written	9,441	11,363
Outward reinsurance premiums	(5,697)	(6,877)
Net premiums written	**3,744**	**4,486**
Earned premiums, net of reinsurance	**3,744**	**4,486**
Allocated investment return transferred from the non-technical account	58	70
Claims paid - Gross Amount	(2,129)	(3,705)
Claims Paid – Reinsurers' Share	750	-
Claims Paid - Net of Reinsurance	(1,379)	(3,705)
Change in provision for claims – Gross Amount	(176)	(7,905)
Change in provision for claims – Reinsurers' Share	(1,793)	6,719
Change in provision for claims – Net of Reinsurance	(1,969)	(1,186)
Claims incurred, net of reinsurance	**(3,348)**	**(4,891)**
Net operating expenses	(609)	(387)
Balance on the technical account for non-life business	**(155)**	**(722)**
Investment income	87	105
Less: Investment income allocated to technical account	(58)	(70)
Foreign exchange gains/(losses)	127	29
Profit on ordinary activities before taxation	**1**	**(658)**
Taxation charge	106	84
Profit on ordinary activities after taxation	**107**	**(574)**

1.4 Investment Performance

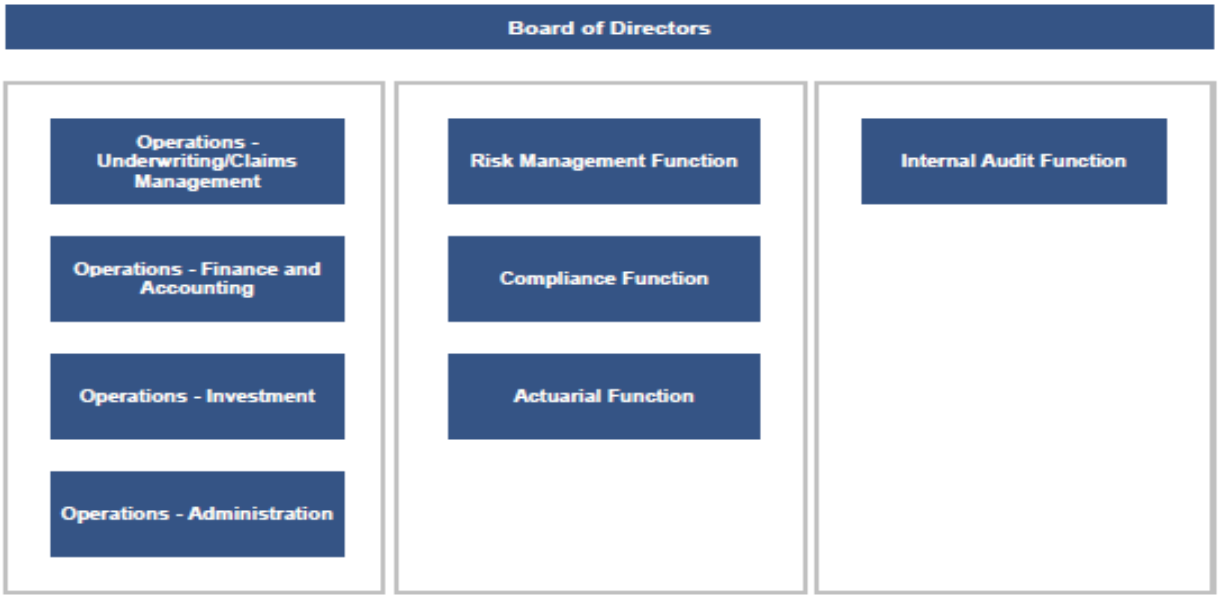
Total Investment Income for the financial year ended 31 January 2017 was equal to GBP'000 87. The table below outlines a breakdown of the investment performance by asset class:

Asset Class	GBP'000
Cash and Deposits Interest	87

Section 2: Systems of Governance

2.1 General Information

The Organisational Structure of the Company is as follows:



Board of Directors

The Board of Kingfisher Insurance DAC as at 31 January 2017 comprised as follows:

Name	PCF	Date Appointed by the Board	Date Resigned
Graham McCarthy	Executive Director (PCF1)	11 January 2017	N/A
Darren Pidwell	Non-Executive Director (PCF2) & Chairman of Board (PCF3)	06 June 2005 Appointed as Chairman 29 December 2016	N/A
Anna Lawrence	Executive Director (PCF1)	16 September 2016	N/A
Michael Frazer	Non-Executive Director (PCF2)	19 December 2016	N/A
Clare Wardle	Non-Executive Director (PCF2)	24 November 2010	30 June 2016
John Larkin	Non-Executive Director (PCF2) & Chairman of the Board (PCF3)	16 June 2005	20 December 2016
Alastair Nicholl	Non-Executive Director (PCF2)	1 December 2005	29 November 2016

The following roles and decisions are the sole responsibility of the Board and it is their role to ensure:

- The effective, prudent and ethical oversight of the Company
- Setting the business strategy for the Company
- Establishing Banking mandate/s
- Determining Investment Policy (to be reviewed by the Board annually)
- Insurance policy terms and conditions (including Reinsurance)
- Insurance pricing
- Loss Reserve strategy
- Appointment of Reinsurers
- Capital and calling-up of capital
- Appointment of Auditors
- Appointment of Head of Actuarial Function
- Appointment of Corporate Secretary
- Appointment of Insurance Managers
- Appointment of Investment Managers
- Appointment of Bankers
- Appointment of Lawyers
- Appointment of Directors/Compliance Officer
- Removal of the Head of a Control Function and consequent notification of such decision to CBI within 5 working days
- Dividend Recommendations
- Setting the Risk Appetite of the Company

- Overall Responsibility for the Company's Risk
- Establishing and maintaining the Company's Internal Control Framework
- Identification and appointment of the Key Functions within the Company
- Own Risk and Solvency Assessment ("ORSA") and related activities
- Own Risk and Solvency Assessment ("ORSA") approval procedures
- Review of the Company's Policies and Procedures (annually)
- Establishment (if appropriate) of various Committees and related delegation of duties
- Fit and Proper Procedures and approval process

Information on Remuneration Policies and Practices

As the Company is a Captive Insurance Company, all Director positions are held either by Group employees, members of outsourced service providers, or independent Non-Executive Directors individually remunerated for the role as Director and the Company did not have any employees at any time during the year.

Overview of Year Ended 31 January 2017

Five Board Meetings took place in Dublin, Ireland within the reporting period. These took place on the following dates:

- 10 May 2016
- 28 July 2016
- 11 October 2016
- 10 November 2016
- 15 December 2016

Key Functions

The Company complies with the requirements under Solvency II and the Fitness & Probity Standards to ensure that key functions are held by persons with the appropriate knowledge, experience and competence. The Company has nominated Mr. Darren Pidwell, Executive Director as the designated person, with the overall responsibility for the outsourced functions. Mr. Pidwell has sufficient

knowledge and experience with regard the outsourced key functions and has the ability to challenge the performance and results of the respective service providers. The following key functions are outsourced by the Company:

Risk Management Function

The Company's Risk Management Function is outsourced to Willis Towers Watson Management (Dublin) Limited ('WTWMDL'), subject to the conditions outlined in the Company's Outsourcing Policy.

The Board will review the composition of its Risk Management Function at least annually.

The Board is responsible for ensuring the effectiveness of the Company's Risk Management System, for setting the risk appetite and tolerance levels as well as approving all related risk management strategies and policies.

The Company's Risk Management Function is responsible for the implementation of the Company's Risk Management arrangements within the operations of the Company on an ongoing basis.

The Risk Management Function is also responsible for effective reporting to the Board on the material risks to which the Company is exposed and on other specific areas of risks both on its own initiative and following direction from the Board.

In line with the Solvency II requirements, the Company has nominated an appropriate person to the role of Chief Risk Officer (PCF14). This function holder is Mr. Graham McCarthy, Executive Director.

Compliance Function

The Company's Compliance Function is responsible for implementing an appropriate compliance framework within the Company and monitoring the Company's adherence to legal and regulatory requirements on an ongoing basis.

The Compliance Function reports to the Board periodically on all key compliance matters, such as implementation of the annual Compliance Plan, regulatory engagement and correspondence, upstream regulatory developments and any compliance breaches that may have occurred in the period and corrective actions undertaken.

In line with the Solvency II requirements, the Company has nominated an appropriate person to the role of Head of Compliance (PCF12). This function holder is provided to the Company by WTWMDL in line with the terms and conditions of the Management Services Agreement.

Actuarial Function

The Board has ensured that an appropriately resourced Actuarial Function is established and maintained within the Company. The activities of the Company's Actuarial Function are currently outsourced to Willis Towers Watson, formerly known as Towers Watson.

The Actuarial Function is carried out by persons who have an appropriate knowledge of actuarial and financial mathematics, commensurate with the nature, scale and complexity of the risks inherent in the Company, and who are able to demonstrate their relevant experience with applicable professional and other standards in line with the Company's Fitness and Probity Policy and the Central Bank of Ireland's Fitness & Probity Standards.

In line with the Solvency II requirements, the Company has nominated an appropriate person to the role of Head of Actuarial Function (PCF48).

The Actuarial Function's role can be summarised as providing the Company with the following:

- Contribution to the effective implementation of the risk management system, in particular, the Own Risk and Solvency Assessment (ORSA) and SCR (Solvency Capital Requirement) calculations.

- Co-ordinating the calculation of the Technical Provisions.

- Provision of an opinion on the underwriting and reinsurance policy of the Company

- Production of a written report to be submitted to the Board, at least annually (Actuarial Function Report). The report documents all tasks that have been undertaken by the Actuarial Functions and their results, and clearly identifies any deficiencies and gives recommendations as to how such deficiencies should be remedied.

- Assess the sufficiency and quality of the data used in the calculation of technical provisions.

- Comparison of best estimates against experience.

Internal Audit Function

The Board has ensured that an appropriately resourced Internal Audit Function is established and maintained within the Company. The Internal Audit Function is an outsourced service provided by a third party audit firm (PwC). The Internal Audit mission is to independently examine and evaluate the functioning effectiveness and efficiency of the Company's internal control system and all other elements of governance.

The activities of the Internal Audit function are designed to provide advice to management in improving the internal control environment, monitoring the implementation of strategic control initiatives and managements remediation activity. The Internal Audit Function provides a formal report to the Audit Committee and Board at least annually. The findings of Internal Audit reviews conducted are discussed with and challenged by the Board and an action plan is agreed upon to remediate any issues identified, along with a timeline for completion.

In line with the Solvency II requirements, the Company has nominated an appropriate person to the role of Head of Internal Audit Function (PCF13).

2.2 Fit and Proper Requirements

Kingfisher Insurance DAC deems the following personnel to hold Pre Approval Controlled Functions and therefore be defined as 'Relevant Persons' subject to the Fitness and Probity Standards:

- The Board of Directors
- The Chief Risk Officer
- The Head of Internal Audit
- The Head of Actuarial Function
- The Head of Compliance

Fitness:

The members of the Board of the Company collectively possess the required qualification, experience and knowledge:

- Of insurance and financial markets relevant to the operations of the Company;
- Of the business strategy and business model of the Company;
- Of the Company's system of governance;
- To perform required financial and actuarial analysis in respect of the Company;
- Of the regulatory framework and requirements applicable to the Company; and
- Generally to be able to provide for the sound and prudent management of the Company.

The persons holding the key functions outlined above must hold the appropriate qualifications, knowledge and sufficient experience in their relevant disciplines, in compliance with the Fitness and Probity Standards ("The Standards").

Probity:

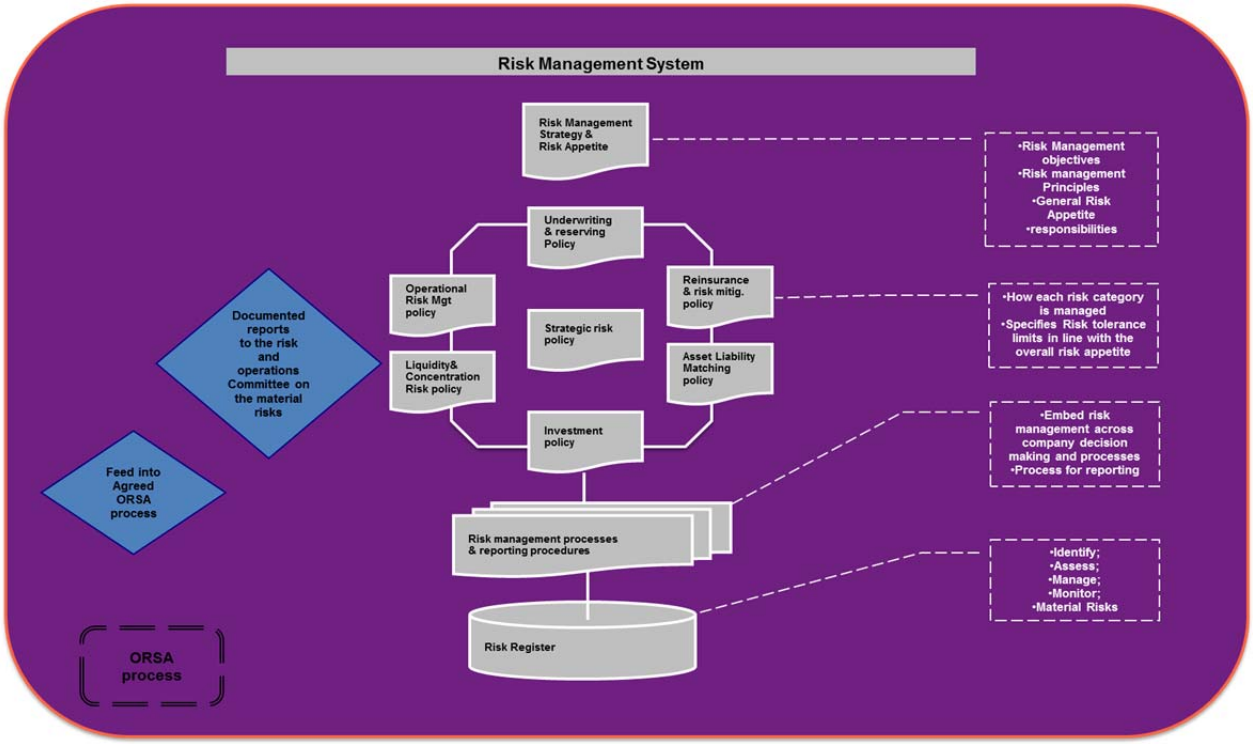
The honesty, financial soundness and reputation of every Relevant Person as defined above has been assessed by the Company in order to determine that they are of good repute and integrity. This assessment has been based on relevant evidence regarding their character, personal behaviour and business conduct including any criminal, financial and supervisory aspects, regardless of location.

In line with The Standards, the Company submits a PCF Confirmation to the Central Bank on an annual basis confirming all PCF holders remain in compliance with the fitness and probity requirements.

2.3 Risk Management System

The Company's Risk Management System is comprised of the following elements;

- Risk Appetite Statement (RAS)
- Risk Register
- Formal Policy Documents for all key risks
- Own Risk and Solvency Assessment (ORSA)
- Formalised Risk Reporting



Each of the elements of the Risk Management System detailed above contribute to the identification, measurement, monitoring, management and reporting of risks and is intended to work as an integrated system, and therefore each should be considered in both in terms of the specific function of the respective element, and in terms of its function within the overall system.

Each element of the system is embedded effectively within the Company and managed by the Risk Management Function with appropriate oversight from and reporting to the Board.

Risk Management Approach

The Company's risk management approach is centred on ensuring the inherent risk which the Company faces in the course of its business are appropriately managed to ensure the strategic objectives of the Company are achieved.

This approach also ensures that risk management is appropriately included in the Company's decision making process.

Risk Profile

The Company, in considering its risk profile, has regard to the following factors;

Nature:

The nature of the Company's risk is confined with the Kingfisher Group only with no third party policy holders and therefore represents limited systemic risk.

Scale:

The scale of the risk assumed by the Company can be considered low based on the residual 'Values at Risk' and the Company's organisational structure, relative to the general insurance market.

Complexity:

The Company assumes standard underwriting risk only, holds a simplistic and conservative investment portfolio, employs traditional risk mitigation techniques and utilises reputable counterparties, and therefore the risk assumed can be considered to be of limited complexity.

The Company's risk profile is formally reviewed at least annually as part of the Company's ORSA exercise. The Risk Management Function monitors the Company's risk profile and the corresponding risk management arrangements in place on an ongoing basis and reports to the Board on any observed material changes.

Risk Function

The Risk Management Function of the Company is responsible for the operational coordination and application of all Risk Management activities throughout the Company on an ongoing basis.

The Risk Management Function reports directly to the Board on a quarterly basis or upon occurrence of an event which could materially impact the Company's risk profile.

The Risk Management Function is responsible for the coordination of all risk management activities throughout the Company.

The Risk Management Function is also responsible for providing the Board with assistance and support in the development and implementation of the various risk management arrangements within the Company.

The Board has outsourced the activities of the Risk Management Function to Willis Towers Watson Management (Dublin) Limited in accordance with the Company's Outsourcing Policy and the terms and conditions of the Management Services Agreement.

Risk Categories & Key Risks

Key risks are considered to be the six risk categories detailed in the Solvency II Directive, together with any other risks evaluated as being key risks by the Risk Management Function and the Board of Directors.

Any of the other identified risks, outside of those prescribed risk categories in the Solvency II Directive, shall be considered to be a key risk if, on a residual basis, a material level of capital is deemed to be required in order to accept the risk, or if particular controls or risk mitigation techniques specific for the risk in question must be employed in order to bring the risk within the appropriate thresholds as defined in the Risk Appetite Statement.

All key risks are documented in the Risk Appetite Statement and are subject to a specific policy document which addresses how the risk is to be managed in line with the hierarchy outlined previously.

The key risk categories for the Company are;

- Underwriting and Reserving Risk
- Reinsurance and Other Risk Mitigation Techniques
- Operational Risk
- Investment Risk
- Asset-Liability Management Risk
- Liquidity Risk

The risk categories and key risks to which the Company is exposed are reviewed periodically by the Risk Management Function and at least;

- Quarterly
- On occurrence of an event which could materially affect the Company's risk profile

- On the introduction of material new business
- At the discretion or order of the Board

Risk Appetite Statement

The Company has in place a Risk Appetite Statement (RAS). The RAS sets out the risk appetite and tolerance levels for all key risks over the planning period of the Company.

The Company considers the RAS to be the primary element of the Risk Management System, directly linking to the overall Company Strategy and determining the levels retained for each key risk, and also influencing the nature of the controls and mitigation techniques employed to ensure that the risk remains within the tolerable range.

The Board is responsible for setting the Company's RAS. The Board periodically reviews the appropriateness and effectiveness of the RAS and performs a formal review of the RAS at least annually or upon a material change in the Company's risk profile.

The RAS includes both qualitative and quantitative aspects for each key risk and is aligned to the planning period of the Company.

The RAS is embedded within the decision making processes of the Company. The Board of Directors, prior to finalising any material decision which could impact the risk profile of the Company, refers to the RAS for guidance as to the likely effect of the decision on the risk appetite and tolerance levels of the Company.

The RAS is also used to track actual performance against the metrics detailed in the RAS to ensure that no breach in the agreed tolerance levels has occurred that would require the submission of a report to the Central Bank of Ireland.

Monitoring of the actual performance against the metrics identified in the RAS is performed periodically by the Risk Management Function and reported to the Board in line with the reporting trigger system included in the RAS.

The Company's qualitative risk appetite principles and quantitative appetite and tolerance levels for each key risk are detailed in the Risk Appetite Matrix.

Risk Policies

The Company has documented a formal policy for each key risk included in the RAS. The policies for each specific risk are consistent with the details contained in the RAS relating to the risk in question. The controls, reporting triggers and any other relevant aspects of the management of the risk are appropriately reflected in the policy for the risk.

Risk Register

The Company has in place a comprehensive Risk Register to evaluate and assess the risks to which the Company is exposed.

The Risk Register initially assesses the risk universe of the Company on an inherent basis. The controls and risk mitigating techniques employed by the Company, as documented in the Company's policies and procedures allow for an evaluation of the risk on a residual basis.

If the risk on a residual basis is deemed to potentially require a material level of capital or the implementation of significant additional controls to accommodate the risk to bring the risk within the appropriate thresholds, this risk should be considered a key risk. Any risk deemed to be a key risk shall be considered for inclusion in the RAS by the Board and a specific policy developed which outlines the process for the identification, management, monitoring and reporting on the risk in question.

The Risk Management Function is responsible for the ongoing maintenance of the Risk Register.

The Risk Register is updated on at least a quarterly basis and upon the occurrence of an event which may materially impact the Company's risk profile.

A summary of the results of the Risk Register review is distributed to the Board upon completion of the each review as soon as is practicable and form part of the Risk Management Function's periodic Risk Reporting.

As part of each update, the Risk Register is reviewed by the Risk Management Function to ensure that the Risks included represent all the material risks to which the Company is exposed and that all applicable emerging risks have been appropriately included.

Where an emerging risk has been identified as one which should potentially be included in the Risk Register, the Risk Function advises the Board of the nature and context of the risk. The Board then determines whether the risk in question is to be included in the Risk Register and whether the risk should be considered as a Key Risk.

ORSA

The Company aims to ensure that the Company is appropriately and prudently capitalised in order to accept the risk to which the Company is exposed. In order to ensure this, the Company performs an Own Risk and Solvency Assessment ('ORSA') at least annually and upon the occurrence of an event which may materially impact the Company's risk profile.

ORSA - Approach taken:

The EIOPA guidance in relation to the ORSA focuses on what is to be achieved by this assessment rather than on how it is to be performed. Since the ORSA represents the Company's own view of its

risk profile and the capital needed to address these risks, the Company decides for itself the most appropriate process by which the ORSA is performed.

The Board takes a proactive approach in the ORSA process by providing guidance to the Risk Management function as to the direction of the ORSA process, including the identification, evaluation and quantification of the risks inherent in the business.

The following approach provides a summary of the approach to be taken in 2016:

- The Board reviewed the objectives, business strategy and risk profile of the Company and considered all unaltered
- The Board reviewed the Risk Register and RAS and duly approved such documentation
- The Board solicited views of the Actuarial Function in regard to Scenario analysis
- The Board met to agree the Risk Register and Risk Appetite Statement and to approve the new ORSA framework and related items including Stressed scenarios
- The Board approved the ORSA Report before 31st December 2016

The Board of Directors always provide substantial input and discuss in detail the various aspects of the ORSA, and adjust as and when considered necessary. This is documented in the minutes of the Board meetings where the ORSA process is an Agenda item.

Own Risk Assessment

The first element of the ORSA process was to review the Company's Risk Management Framework as a method of identifying its material risks in the context of its Risk Profile, Risk Register and Risk Appetite Statement. The following areas for assessment were identified in respect of the Company's material risks:

- The Maximum Value at Risk (VAR) for each identified key risk of the Company,
- The controls and risk management arrangements in place which act to mitigate each risk,
- The basis for measurement and assessment of the risk over the planning period,
- The current experience of each individual risk,
- The expected risk assessment for the planning period, being the anticipated financial and non-financial activity of the Company over the short, medium and long term.

- Application of appropriate and reasonable stresses to the expected risk assessment to demonstrate the robustness of the Company's capital base in the context of its current business.

Risk Reporting

The Risk Management Function formally reports to the Board on a quarterly basis. The report contains details of the outcome of the Risk Register review, the results of the comparison of the RAS to actual results and an update on emerging risks.

The report contains both qualitative and quantitative aspects and covers all key risks of the Company.

The Risk Management Function is responsible for the development of the Risk Reports.

The Risk Management Function will provide a report to the Board based on the occurrence of an event which materially alters the risk profile of the Company or if the tolerance level triggers are breached.

The Risk Management Function will advise the Board on the quality of the data used in the review of the Risk Management System, including any deficiencies that may have been identified during the course of the review.

2.4 Internal Control System

The Board is ultimately responsible for ensuring that the Company has in place an effective internal control system which is commensurate with the nature, scale and complexity of the Company's operations. The Company ensures that appropriate levels of Internal Controls are present within the organisational structure, work and authority flows, resource utilisation and information systems.

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 the Company;

- Ensuring that adequate approval procedures, authorization authorities, verification, reconciliations, and review procedures are in place for each function or activity and are adequately documented and communicated;

- Ensuring that adequate controls are in place pertaining to safeguarding the integrity and protection of information;

- Ensuring sufficient monitoring mechanisms are in place to facilitate assessments of the effectiveness of the controls in place; and

- The activities of the Compliance function are in place, the Compliance Policy is being applied and the Compliance Plan is being implemented.

The Internal Audit Function is responsible for the evaluation of the adequacy and effectiveness of the Company's internal control system. The Compliance Function is responsible for the review and monitoring of the application of internal controls relating to compliance risk. The outsourced Managers are responsible for the application and ongoing maintenance of the Company's internal control activities. The contracted Management Company has procedures manuals and internal controls in place that are documented and maintained within the Company's Corporate Governance Framework documents. Internal controls are reviewed at least annually or when a change in the systems or operations of the Company occurs. The policies and procedures in place are proportional to the operations of the Company and cover at least the following key operational areas:

- Underwriting
- Claims reserving
- Claims settlement
- Management accounts preparation
- General bank payments
- Bank reconciliations
- Compliance

The Internal Controls are also proportional to the operations of the Company and centre on the following controls:

Regular

- Four eye review approach on all renewal activities
- Dual signatories on all payments in line with approved bank mandates
- Reconciliations of all bank accounts on a monthly basis
- Quarterly Financial reporting to Group
- Detailed bi-annual reporting to the Board on Compliance matters

Periodic

- Monitoring activities are carried out by the Compliance Function and a Compliance and Regulatory report is circulated to the Board.

- The Internal Audit Function conduct reviews of the design and effectiveness of internal controls, in line with the Internal Audit Plan approved by the Board

- The Management Company is subject to the Internal Audit processes of the Willis Towers Watson Group with Internal Audit reviews covering work performed by WTWMDL on its clients

2.5 Outsourcing

The Company outsources various activities where the Board believes outsourcing can provide access to superior processes and technical skills than it would otherwise not achieve on a standalone basis, or where appropriate due to the nature, scale and complexity of the operations of the Company. The Board is ultimately responsible for the approval of and termination of all outsourcing arrangements of critical or important functions and activities.

The Risk Management Function is responsible for assessing the risks associated with the outsourcing of critical or important functions or activities as part of its overall remit to identify, assess, manage, monitor and report the risks of the Company on an ongoing basis. The functions deemed critical or important are defined in the Company's Outsourcing Policy.

The Board has ensured that the outsourced service providers adhere to the Company's policies and procedures and that the effectiveness of the Company's system of governance has not been lessened or compromised by the outsourcing arrangements.

The performance of each service provider is based on a comparison of the actual performance of the service provider in comparison with the required performance as per the agreed Service Level Agreement ('SLA'). The SLA's include details covering Business Continuity Planning and ensure that acceptable service levels are maintained in the event of problems occurring with the service provider. The performance of the service providers are formally assessed by the Board on an annual basis.

In the Board's current assessment of the performance of each service providers acting in an outsourced capacity, no material deficiencies noted.

Section 3: Risk Profile

The Company operates a low-risk business model that is supported by a robust risk management framework that ensures risks are well understood and controlled. This is facilitated by systematic quantification of all risks and a culture that promotes the importance of risk management.

Integral to this is a thorough understanding and articulation of the Company's risk exposures. Determining the prevailing risk landscape within the Company allows Management, the Risk Function and the Board to assess the appetite for each emerging risk and to ensure that all are quantifiable and managed consistently with our appetite to risk.

An overview of the key risks associated with the business including an outline of how they are managed is provided below.

3.1 Underwriting Risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random, unknown and unpredictable

As its primary insurance activity the Company assumes risks relating to Property Damage and Business Interruption (PDBI) coverage and General Liability (GL) coverage relating to the Group's retail facilities in the UK, Ireland, France, Spain, Italy, and Poland.

The Company is therefore exposed to the uncertainty surrounding the timing and severity of claims under these insurance contracts. The terms and conditions of the insurance contracts it issues set out the basis for the determination of the Company's liability should the insured event occur.

The Company also faces risks that the actual claims are significantly different to the amounts included within the technical provisions. This could occur because the frequency or severity of claims is greater or lower than estimated. The insurance risks are mitigated through strict underwriting criteria, the utilising of actuarial review and the use of reinsurance.

The Company manages it insurance risk through underwriting limits, approval procedures for transactions that involve new products or that exceed set limits, pricing guidelines, centralised management of reinsurance and monitoring of emerging issues.

The Company reinsures a significant portion of the risks it underwrites in order to control its net exposure to losses and protect capital resources. The Company buys non-proportionate facultative reinsurance to reduce the Company's net exposure.

Ceded reinsurance contains credit risk and reinsurance recoverable that are reported after deductions, if any, for known insolvencies and uncollectible items. The Company monitors the financial condition of reinsurers on an ongoing basis and reviews its reinsurance arrangements annually. The Company

utilises reinsurance agreements with non-affiliated reinsurers to control its exposure to losses resulting from one occurrence and for the accumulation of net losses arising out of one occurrence.

3.2 Market Risk

The Company's primary objective in relation to market risk is to protect and preserve the Company's assets. The company therefore only invests in line with the Company's Investment Policy which is reviewed on an annual basis by the Board of Directors.

The Company seeks to spread investments across a number of institutions to reduce concentration risk.

The Company and the Board will annually review the amount of funds invested with any one institution.

The Company has little appetite for counterparty default risk in relation to investments and seek to invest in institutions of the greatest strength and stability.

All of the Company's liabilities can be considered short term in nature and hence the company looks to limit the duration of investments to reduce Asset Liability Matching risk.

3.3 Credit Risk

Credit Default Risk

The investment strategy and minimum rating requirement outlined in the Company’s Investment Policy is pursued and seeks to minimise credit default risk.

Counterparty Default Risk

The Company utilises reinsurance to manage efficiently insurance risk. The Company is therefore exposed to the failure of these counterparties. The exposure is reduced as the counterparties are diversified and also the credit default risk is managed by ensuring a general minimum credit rating of A or greater, as documented in the Company’s Reinsurance Policy.

3.4 Liquidity Risk

The Company’s Liquidity Policy requires sufficiently liquid assets to be held in order to meet outflows. All investments are held in a liquid state and the Company has clear visibility of when policyholder obligations will and could fall due given the nature and scale of the Company being a Captive Insurer. Ongoing monitoring of liquidity also allows mitigating actions to be taken at an early stage if required.

3.5 Operational Risk

The Company is exposed to operational risk, which is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. In particular, this includes the failure of key outsourcing arrangements, business disruption, fraud and loss of key personnel.

The process through which the Company's operational risk universe is determined and subsequent estimates of frequency and severity are assessed is captured in the Operational Risk Policy. This process safeguards the ongoing improvement of the control environment and ensures that operational risk is identified and mitigated.

The Company is reliant on the use of external parties to provide a significant portion of the services required, and thus is therefore exposed to the potential failure of these outsourcing partners. The Company has documented a Contingency Plan and an Outsourcing Policy which set out how this risk is managed and monitored.

3.6 Other Material Risks

The Company considers that there are no other Material Risks to be considered at this time.

Section 4: Valuation for Solvency Purposes

4.1 Assets

Valuation of Assets

The recognition and valuation basis are in accordance with the provisions of the Solvency II Directive with the valuation and recognition for material classes as follows:

Intangible Assets

Intangible assets are recognised under Financial Reporting Standard 101(FRS 101) on the basis that the expected future economic benefits that are attributable to the asset will flow to the Company, and the cost of the asset can be measured reliably. The Company holds no intangible asset and thus no recognition and valuation methodology was applied in respect of this category.

Deferred Tax Asset

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Under Solvency II which recognises unrealised gains and respective tax, deferred tax is recognised and no adjustments were considered applicable to the valuation.

Investments

Investments are recognised under Financial Reporting Standard 101 (FRS 101) on the basis that the Company becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at transaction price, except for those financial assets classified as fair value through profit and loss, which are initially measured at fair value.

Realised and unrealised gains and losses arising from the changes in the fair value of investments are presented in the non-technical profit and loss account in the period in which they arise. Interest income is recognised when earned and investment management and other related expense are recognised when incurred.

Material Differences in the above used for valuation in Financial Statements

KINGFISHER INSURANCE DAC Assets (GBP)	Current Accounting Bases	SII Valuation Principles
Investments	19,945,110	19,945,110
Deposits other than cash equivalents	19,945,110	19,945,110
Reinsurance recoverables	4,925,947	4,080,106
Reinsurance share of TP - non-life excluding health	4,925,947	4,080,106
Insurance & Intermediaries Receivables	507,007	507,007
Cash & Cash Equivalents	5,214,220	5,214,220
Any Other Assets, Not Elsewhere Shown	88,278	88,278
Total assets	**30,680,562**	**29,834,721**

Overview of any assets not regularly traded in Financial Markets

The Company has no assets that are not regularly traded in financial markets.

4.2 Technical Provisions

Valuation of Technical Provisions per Line of business

Technical provisions are valued in accordance with Article 77 of the Solvency II Directive which states that the value of technical provisions shall be equal to the sum of a best estimate and a risk margin.

Valuation results

The valuation was carried out together for each line of business. Under Solvency II, the balance sheet is required to be valued on a “best estimate” discounted cash flow basis. This leads to differences in claims provision between financial statements and Solvency II.

The table below sets out the results of the Technical provision calculations on the financial statements and Solvency II basis.

KINGFISHER INSURANCE DAC Liabilities (GBP)	Current Accounting Bases	SII Valuation Principles
Gross Technical Provisions – Non-Life (Excluding Health)	21,867,883	19,432,031
TP calculated as a whole (Best estimate + Risk margin)	21,867,883	
Best Estimate		18,584,062
Risk Margin		847,969
Provisions Other Than Technical Provisions	266,198	266,198
Reinsurance payables	999,299	999,299
Total liabilities	23,133,379	20,697,527

The Solvency II Directive regulation requires the inclusion of “run-off” expenses to be incorporated into the Solvency II calculation. This has been added to the net technical provisions for the Company.

Claims Provision

As at the reporting date, the Company’s claims provisions were in the form of known losses for which case reserves had been set together with a provision for Incurred but not Reports (IBNR) provisions.

Material Differences in the above used for valuation in Financial Statements

The above table outlines the material differences in the valuation of technical provisions between the Financial Statements and Solvency II valuation.

Simplification

The Company utilises the standard formula for the calculation of its Solvency Capital Requirement (‘SCR’). Simplification method two is used for the standard formula.

Uncertainties in the value of Technical Provisions

The key assumptions that impact the Technical Provisions are detailed below along with comments regarding the materiality of these assumptions.

- **Settlement period:** Most of the risks being underwritten are long taled. We have assumed that risk would run off within 7 years.

- **Discount rate:** Current yields are very low, which means that almost no discounting is applied to the Technical Provisions under the defined settlement pattern.

- **Expenses:** The total expenses involved in the operation of the Company are relatively small when compared to other elements in the calculation of the technical provisions.

- **Reinsurance:** We have also assumed that the reinsurance will perform as expected.

The above assumptions are consistent with the previous Actuarial Function Report therefore there have been no material changes in technical provisions due to underlying changes in the assumptions.

Impact of Reinsurance on Technical Provisions

The impact of reinsurance under SII valuation principles is to reduce the Company's Gross Technical Provisions by GBP 4,080,106.

Effectiveness of reinsurance arrangements

The Company's "Reinsurance and Other Risk Mitigation Techniques" Policy, refers to the below key principle:

- That the reinsurance programme provides cover appropriate to the Company's level of capital, risk profile, business strategy and risk appetite statement.

It is noted that: "The use of reinsurance is to maintain underwriting risk within the Company's approved risk tolerance levels". The Board were satisfied with the effectiveness of the reinsurance arrangements in place.

It is also noted that, the Kingfisher Group could purchase insurance directly from the market and therefore the use of the Company for the provision of insurance services is a conscious decision made in order to improve the efficiency of the risk management process within the Group by using a Company vehicle and provide access to reinsurance markets.

Matching Adjustments, Volatility Adjustments and Transitional Measures

The Company has no matching adjustments, volatility adjustments or transitional measures as at the reporting period.

4.3 Other Liabilities

Valuation of liabilities per Class of Liability

Recognition

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are classified according to the substance of the contractual arrangement entered into.

Initial measurement

All financial liabilities are initially measured at transaction price.

LIABILITIES	GBP
Provisions Other Than Technical Provisions	266,198
Reinsurance payables	999,299
Total	**1,265,496**

Material Differences in the above used for valuation in Financial Statements

There is no differentiation between the valuation of the other liabilities under FRS financial statements and Solvency II valuation.

4.4 Alternative methods for valuation

No alternative methods for Valuation are utilised.

Section 5: Capital Management

5.1 Own Funds

The Company has the following components of own funds: Tier 1 basic own funds.

The Company's ordinary shares have full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

The difference between the Company's equity as shown in its audited financial statements and the excess of assets over liabilities as calculated for solvency purposes is:

- the difference between the technical provisions calculated in accordance with the Solvency II requirements
- deferred tax adjustment in relation to the above differences

No deductions are applied to own funds and there are no significant restrictions affecting their availability and transferability. The Minimum Capital Requirement ('MCR') and SCR were calculated using the standard formula.

Solvency Capital Requirement Coverage

The Company's targeted SCR coverage is currently set at a minimum of 115% of the Pillar 1 solvency capital requirement. On an annual basis, and having regard to the results of stress tests applied to projections over the three year planning period, the Board will consider whether a dividend should be paid to remit any surplus capital above this target or if an intercompany loan should be incepted.

At the reporting date, no dividends have been declared or paid to Group and no intercompany Loans have been effected.

Solvency Capital Position

The table below sets out the Company's pillar 1 capital position as at 31 January 2017

Assets per Solvency II Balance Sheet (GBP)	
Total	29,834,721

Liabilities GBP	Current Accounting Bases	SII Valuation Principles
Gross Technical Provisions – Non-Life (Excluding Health)	21,867,883	19,432,031
TP calculated as a whole (Best estimate + Risk margin)	21,867,883	
Best Estimate		18,584,062
Risk Margin		847,969
Provisions Other Than Technical Provisions	266,198	266,198
Reinsurance payables	999,299	999,299
Total liabilities	23,133,379	20,697,527
Assets less Liabilities	7,547,183	9,137,194

Solvency	Capital Requirement	Eligible Capital	Solvency Ratio	MCR as % SCR
SCR	7,134,494	9,137,194	128.1%	38.9%
MCR	2,776,235	9,137,194	329.1%	

5.2 SCR & MCR

The Company has achieved SCR coverage of 128% and MCR coverage of 329% as at 31 January 2017.

5.3 Use of duration based equity risk Sub module in SCR calculation

The Company does not hold any liabilities that require this approach, therefore this is not applicable for the Company.

5.4 Non Compliance with MCR and SCR during the period

In June 2016, the Company made a notification to the Central Bank of Ireland advising that the Solvency Capital coverage of the Company fell below its Solvency Capital Requirement. An analysis was undertaken to establish the root cause for the decrease in the solvency coverage ratio. The review concluded as follows:

- The decrease in the solvency coverage of the Company was caused by the recording on the balance sheet of increased Case Reserves for predominantly existing claims.

- Based on the Company's analysis of the underlying data from claims handlers, it was noted that the underlying claims did not support this increase in case reserves and that it was the data manipulation of the bordereau that lead to an error in the recording of the case reserves. Such case reserves were overstated due to incorrect data relating to third party recoveries.

- These errors resulted in the reported solvency coverage ratio dropping below 100% when the Company was in fact, at or excess of the SCR at all relevant times.

The correction of the claims bordereau and subsequent recording of the correct case reserves of the Company in its management accounts has produced an updated and current SCR which is in compliance with the requirements.

The Company now considers itself compliant with the solvency capital requirements under the SCR Standard Model. The error outlined above resulted in an artificial solvency coverage ratio of below 100% being recorded when in fact the Company was not actually below 100% of the solvency coverage ratio at the time. The matter is now considered closed.

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Assets		**C0010**
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**	19,945,110
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**	19,945,110
Other investments	**R0210**	-
Assets held for index-linked and unit-linked contracts	**R0220**	-
Loans and mortgages	**R0230**	-
Loans on policies	**R0240**	-
Loans and mortgages to individuals	**R0250**	-
Other loans and mortgages	**R0260**	-
Reinsurance recoverables from:	**R0270**	4,080,106
Non-life and health similar to non-life	**R0280**	4,080,106
Non-life excluding health	**R0290**	4,080,106
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**	507,007
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**	5,214,220
Any other assets, not elsewhere shown	**R0420**	88,278
Total assets	**R0500**	29,834,721

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	19,432,031
Technical provisions – non-life (excluding health)	**R0520**	19,432,031
TP calculated as a whole	**R0530**	-
Best Estimate	**R0540**	18,584,062
Risk margin	**R0550**	847,969
Technical provisions - health (similar to non-life)	**R0560**	-
TP 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**	-
TP calculated as a whole	**R0620**	-
Best Estimate	**R0630**	-
Risk margin	**R0640**	-
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	-
TP calculated as a whole	**R0660**	-
Best Estimate	**R0670**	-
Risk margin	**R0680**	-
Technical provisions – index-linked and unit-linked	**R0690**	-
TP calculated as a whole	**R0700**	-
Best Estimate	**R0710**	-
Risk margin	**R0720**	-
Contingent liabilities	**R0740**	-
Provisions other than technical provisions	**R0750**	266,198
Pension benefit obligations	**R0760**	-
Deposits from reinsurers	**R0770**	-
Deferred tax liabilities	**R0780**	-
Derivatives	**R0790**	-
Debts owed to credit institutions	**R0800**	-
Financial liabilities other than debts owed to credit institutions	**R0810**	-
Insurance & intermediaries payables	**R0820**	-
Reinsurance payables	**R0830**	999,299
Payables (trade, not insurance)	**R0840**	-
Subordinated liabilities	**R0850**	-
Subordinated liabilities not in BOF	**R0860**	-
Subordinated liabilities in BOF	**R0870**	-
Any other liabilities, not elsewhere shown	**R0880**	-
Total liabilities	**R0900**	20,697,527
Excess of assets over liabilities	**R1000**	9,137,194

Annex I

S.05.01.02

Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)		Total
		Fire and other damage to property insurance	General liability insurance	
		C0070	**C0080**	**C0200**
Premiums written				
Gross - Direct Business	**R0110**	5,786,695	3,653,976	9,440,671
Gross - Proportional reinsurance accepted	**R0120**			-
Gross - Non-proportional reinsurance accepted	**R0130**			-
Reinsurers' share	**R0140**	5,696,929	-	5,696,929
Net	**R0200**	89,766	3,653,976	3,743,742
Premiums earned				
Gross - Direct Business	**R0210**	5,786,695	3,653,976	9,440,671
Gross - Proportional reinsurance accepted	**R0220**			-
Gross - Non-proportional reinsurance accepted	**R0230**			-
Reinsurers' share	**R0240**	5,696,929	-	5,696,929
Net	**R0300**	89,766	3,653,976	3,743,742
Claims incurred				
Gross - Direct Business	**R0310**	(1,206,560)	3,511,560	2,305,000
Gross - Proportional reinsurance accepted	**R0320**			-
Gross - Non-proportional reinsurance accepted	**R0330**			-
Reinsurers' share	**R0340**	(1,043,075)		(1,043,075)
Net	**R0400**	(163,485)	3,511,560	3,348,075
Changes in other technical provisions				
Gross - Direct Business	**R0410**			-
Gross - Proportional reinsurance accepted	**R0420**			-
Gross - Non- proportional reinsurance accepted	**R0430**			-
Reinsurers' share	**R0440**			-
Net	**R0500**	-	-	-
Expenses incurred	**R0550**	373,431	235,801	609,232
Other expenses	**R1200**			
Total expenses	**R1300**			-

Annex I

S.05.02.01

Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010		United Kingdom	France	Poland	Spain	Germany	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	**R0110**	31,235	5,582,242	3,114,796	486,467	212,298	11,342	9,438,379
Gross - Proportional reinsurance accepted	**R0120**							0
Gross - Non-proportional reinsurance accepted	**R0130**							0
Reinsurers' share	**R0140**	30,750	2,504,112	2,460,719	478,920	209,004	11,166	5,694,672
Net	**R0200**	485	3,078,130	654,077	7,546	3,293	176	3,743,707
Premiums earned								
Gross - Direct Business	**R0210**	31,235	5,582,242	3,114,796	486,467	212,298	11,342	9,438,379
Gross - Proportional reinsurance accepted	**R0220**							0
Gross - Non-proportional reinsurance accepted	**R0230**							0
Reinsurers' share	**R0240**	30,750	2,504,112	2,460,719	478,920	209,004	11,166	5,694,672
Net	**R0300**	485	3,078,130	654,077	7,546	3,293	176	3,743,707
Claims incurred								
Gross - Direct Business	**R0310**	(6,513)	2,389,890	70,163	(101,431)	(44,265)	(2,365)	2,305,479
Gross - Proportional reinsurance accepted	**R0320**							-
Gross - Non-proportional reinsurance accepted	**R0330**							-
Reinsurers' share	**R0340**	(5,630)	(458,488)	(450,543)	(87,688)	(38,267)	(2,044)	(1,042,661)
Net	**R0400**	(882)	2,848,378	520,707	(13,744)	(5,998)	(320)	3,348,141
Changes in other technical provisions								
Gross - Direct Business	**R0410**							-
Gross - Proportional reinsurance accepted	**R0420**							-
Gross - Non- proportional reinsurance accepted	**R0430**							-
Reinsurers' share	**R0440**							-
Net	**R0500**	-	-	-	-	-	-	-
Expenses incurred	**R0550**	2,016	360,325	201,055	31,401	13,703	732	609,232
Other expenses	**R1200**							
Total expenses	**R1300**							-

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**
Technical provisions calculated as a whole	**R0010**	0	0	0	0	0	0	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0050**	0	0	0	0	0	0	0	0	0
Technical provisions calculated as a sum of BE and RM										
Best estimate										
Premium provisions										
Gross	**R0060**	0	0	0	0	0	0	0	0	0
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	0	0	0	0	0	0	0	0	0
Net Best Estimate of Premium Provisions	**R0150**	0	0	0	0	0	0	0	0	0
Claims provisions										
Gross	**R0160**	0	0	0	0	0	0	3,778,075	14,805,987	0
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	0	0	0	0	0	0	3,574,168	505,938	0
Net Best Estimate of Claims Provisions	**R0250**	0	0	0	0	0	0	203,907	14,300,049	0
Total Best estimate - gross	**R0260**	0	0	0	0	0	0	3,778,075	14,805,987	0
Total Best estimate - net	**R0270**	0	0	0	0	0	0	203,907	14,300,049	0
Risk margin	**R0280**	0	0	0	0	0	0	11,703	836,265	0
Amount of the transitional on Technical Provisions										
Technical Provisions calculated as a whole	**R0290**	0	0	0	0	0	0	0	0	0
Best estimate	**R0300**	0	0	0	0	0	0	0	0	0
Risk margin	**R0310**	0	0	0	0	0	0	0	0	0

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100
Technical provisions - total										
Technical provisions - total	R0320									
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330									
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340									

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				Total Non-Life obligation
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0110	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0170**	**C0180**
Technical provisions calculated as a whole	**R0010**								
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0050**								
Technical provisions calculated as a sum of BE and RM									
Best estimate									
Premium provisions									
Gross	**R0060**								
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**								
Net Best Estimate of Premium Provisions	**R0150**								
Claims provisions									
Gross	**R0160**								18,584,062
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**								4,080,106
Net Best Estimate of Claims Provisions	**R0250**								14,503,956
Total Best estimate - gross	**R0260**								18,584,062
Total Best estimate - net	**R0270**								14,503,956
Risk margin	**R0280**								847,969
Amount of the transitional on Technical Provisions									
Technical Provisions calculated as a whole	**R0290**								
Best estimate	**R0300**								
Risk margin	**R0310**								

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				Total Non-Life obligation
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0110	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0170**	**C0180**
Technical provisions - total									
Technical provisions - total	**R0320**								19,432,031
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**								4,080,106
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**								15,351,924

Annex I
S.19.01.21
Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting	**Z0010**	2016

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

		Development year													
	Year	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**		**In Current year**	**Sum of years (cumulative)**
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**		**C0170**	**C0180**
Prior	**R0100**											44,717	**R0100**	44,717	44,717
N-9	**R0160**									1,421	- 29,948		**R0160**	- 29,948	- 28,527
N-8	**R0170**								145,220	- 56,248			**R0170**	- 56,248	88,972
N-7	**R0180**							43,647	114,479				**R0180**	114,479	158,125
N-6	**R0190**						654,159	- 3,725					**R0190**	- 3,725	650,434
N-5	**R0200**					997,093	341,325						**R0200**	341,325	1,338,418
N-4	**R0210**				976,231	683,304							**R0210**	683,304	1,659,535
N-3	**R0220**			393,415	574,349								**R0220**	574,349	967,764
N-2	**R0230**		187,855	321,899									**R0230**	321,899	509,754
N-1	**R0240**	800,346	130,678										**R0240**	130,678	931,024
N	**R0250**	7,680											**R0250**	7,680	7,680
												Total	**R0260**	2,128,510	6,327,896

Annex I
S.19.01.21
Non-life Insurance Claims Information

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

		Development year											
	Year	0	1	2	3	4	5	6	7	8	9	10 & +	Year end (discounted
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
Prior	R0100											163,232	R0100 161,745
N-9	R0160										134,304		R0160 133,081
N-8	R0170									42,811			R0170 42,421
N-7	R0180								257,182				R0180 254,840
N-6	R0190							266,282					R0190 263,857
N-5	R0200						620,266						R0200 614,617
N-4	R0210					1,132,116							R0210 1,121,806
N-3	R0220				2,158,042								R0220 2,138,388
N-2	R0230			3,247,092									R0230 3,217,521
N-1	R0240		4,987,060										R0240 4,941,641
N	R0250	5,746,476											R0250 5,694,142
												Total	R0260 18,584,059

Annex I
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 (EU) 2015/35						
Ordinary share capital (gross of own shares)	R0010	3,250,000	3,250,000		0	
Share premium account related to ordinary share capital	R0030	0	0		0	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	0	0		0	
Subordinated mutual member accounts	R0050	0		0	0	0
Surplus funds	R0070	0	0			
Preference shares	R0090	0		0	0	0
Share premium account related to preference shares	R0110	0		0	0	0
Reconciliation reserve	R0130	5,887,194	5,887,194			
Subordinated liabilities	R0140	0		0	0	0
An amount equal to the value of net deferred tax assets	R0160	0				0
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	0	0	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
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	0				
Total basic own funds after deductions	R0290	9,137,194	9,137,194	0	0	0
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	0			0	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	0			0	
Unpaid and uncalled preference shares callable on demand	R0320	0			0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	0			0	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	0			0	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	0			0	0
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	0			0	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	0			0	0
Other ancillary own funds	R0390	0			0	0
Total ancillary own funds	R0400	0			0	0

Annex I

S.23.01.01

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	9,137,194	9,137,194	0	0	0
Total available own funds to meet the MCR	**R0510**	9,137,194	9,137,194	0	0	
Total eligible own funds to meet the SCR	**R0540**	9,137,194	9,137,194	0	0	0
Total eligible own funds to meet the MCR	**R0550**	9,137,194	9,137,194	0	0	
SCR	**R0580**	7,134,494				
MCR	**R0600**	2,776,235				
Ratio of Eligible own funds to SCR	**R0620**	128%				
Ratio of Eligible own funds to MCR	**R0640**	329%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	9,137,194
Own shares (held directly and indirectly)	**R0710**	0
Foreseeable dividends, distributions and charges	**R0720**	0
Other basic own fund items	**R0730**	3,250,000
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	0
Reconciliation reserve	**R0760**	5,887,194
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**	0

Annex I
S.25.01.21
Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	1,831,975		
Counterparty default risk	R0020	1,185,537		
Life underwriting risk	R0030	0		
Health underwriting risk	R0040	0		
Non-life underwriting risk	R0050	5,145,677		
Diversification	R0060	(1,595,136)		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	6,568,054		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	566,440
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	0
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	7,134,494
Capital add-on already set	R0210	
Solvency capital requirement	R0220	7,134,494
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

Annex I
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	1,977,476

		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	0	0
Income protection insurance and proportional reinsurance	R0030	0	0
Workers' compensation insurance and proportional reinsurance	R0040	0	0
Motor vehicle liability insurance and proportional reinsurance	R0050	0	0
Other motor insurance and proportional reinsurance	R0060	0	0
Marine, aviation and transport insurance and proportional reinsurance	R0070	0	0
Fire and other damage to property insurance and proportional reinsurance	R0080	203,907	89,766
General liability insurance and proportional reinsurance	R0090	14,300,049	3,653,976
Credit and suretyship insurance and proportional reinsurance	R0100	0	0
Legal expenses insurance and proportional reinsurance	R0110	0	0
Assistance and proportional reinsurance	R0120	0	0
Miscellaneous financial loss insurance and proportional reinsurance	R0130	0	0
Non-proportional health reinsurance	R0140	0	0
Non-proportional casualty reinsurance	R0150	0	0
Non-proportional marine, aviation and transport reinsurance	R0160	0	0
Non-proportional property reinsurance	R0170	0	0

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_{L} Result	R0200	

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

Overall MCR calculation

		C0070
Linear MCR	R0300	1,977,476
SCR	R0310	7,134,494
MCR cap	R0320	3,210,522
MCR floor	R0330	1,783,623
Combined MCR	R0340	1,977,476
Absolute floor of the MCR	R0350	2,776,235
		C0070
Minimum Capital Requirement	R0400	2,776,235