National Grid Insurance Company (Ireland) DAC

Solvency and Financial Condition Report

Reporting period ended 31 March 2018

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SUMMARY

This Report refers to the business of National Grid Insurance Company (Ireland) DAC ('NGICIDAC', 'the Company'), a captive insurer, authorised and supervised by the Central Bank of Ireland. It provides the reader with information on the Company's business and performance, system of governance, risk profile, valuation for solvency purposes and capital management for the reporting period ended 31 March 2018.

NGICIDAC has prepared this report in accordance with the relevant articles of the Commission Delegated Regulation (EU) 2015/35, together with the Guidelines on reporting and public disclosure issued by EIOPA.

The Company's business strategy is to provide coverage for certain employer liability and motor third party liability risks of the National Grid plc Group, which is a multinational electricity and gas utility company headquartered in the United Kingdom. The impact of insurance risk volatility on the Company's capital base is mitigated through the purchase of reinsurance from appropriate counterparties. Investment of Company funds is in line with the documented investment strategy, reflecting a 'prudent person' approach to the management of counterparty, concentration, interest rate and currency risk.

The Board has identified the key risks to which NGICIDAC is exposed and established appropriate corporate governance, risk management and reporting mechanisms to ensure that the identified risks remain relevant, and that they are managed and reported on with appropriate levels of detail and frequency. The Company has established a comprehensive suite of risk policies and implemented a series of internal controls to ensure that NGICIDAC can be managed in accordance with its governance and risk management systems. Documented escalation mechanisms are in place to ensure that any breaches in risk limits and tolerances, internal controls and governance requirements can be reported promptly to the appropriate individuals.

Risks to which the Company is exposed are well understood and are used to determine the level of solvency and capital required over a forward looking business planning period. The results of this exercise are used to better inform decision making within the Company.

During the reporting period, the Board of Directors, following a review by the Shareholder, approved the decision to novate its existing business and place the Company into voluntary liquidation. It is expected that this will take place by the end of 2018. The Company also cancelled the EL and Motor programmes on 31 December 2017 and is currently in run off.

There were no other material changes to NGICIDAC's business and performance, system of governance, risk profile, valuation for solvency purposes and capital management over the reporting period.

As at 31 March 2018, the Company had eligible own funds of GBP34.78M (2017: GBP34.2M) available to meet its Solvency Capital Requirement (SCR) of GBP5.51M (2017: GBP6.75M); resulting is a Solvency Ratio of 632% (2017: 507%) which is in line with the Company's risk appetite. The Board of Directors is satisfied that the Company has adequate and appropriate capital to support its business plans. The Minimum Capital Requirement (MCR) was also satisfactorily met at the period-end. There were no instances of non-compliance with the capital requirements during the period.

A. BUSINESS & PERFORMANCE

A.1 Business

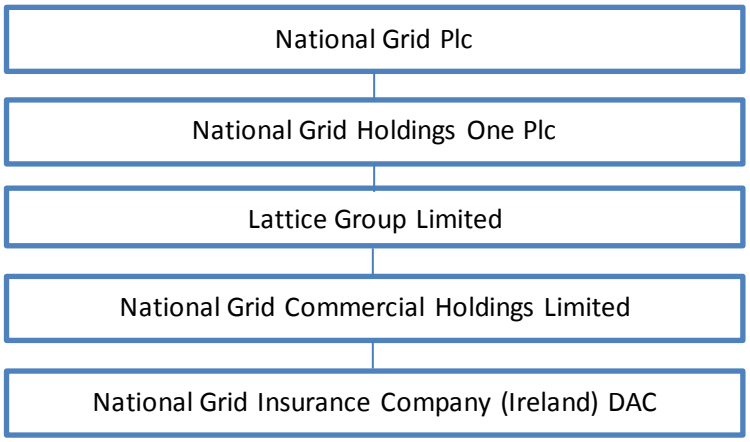
NGICIDAC was incorporated in Ireland in 2003 and in line with the requirements of the Companies Act 2014 converted to a designated activity company (DAC), limited by shares, effective 19 November 2015. The principal activity of the Company is the provision of insurance, for employers' liability and motor third party liability, to certain companies within the National Grid plc Group. NGICIDAC is a captive insurance undertaking, underwriting only the risks of its parent group.

The Company's business address and registered office is 3rd Floor, The Metropolitan Building, James Joyce Street, Dublin 1, Ireland.

NGICIDAC is authorised by the Central Bank of Ireland ('CBI'), under the European Union (Insurance and Reinsurance) Regulations 2015 (SI 485), to carry out the business of non-life insurance. Authorisation is in respect of Class 3 – Land Vehicle, Class 10 – Motor Vehicle Liability, and Class 13 - General Liability risks. The insurance supervision division at the CBI may be contacted at their offices in New Wapping Street, North Wall Quay, Dublin 1, Ireland.

Deloitte Ireland LLP is the appointed external auditor of the Company and is located at Deloitte & Touche House, Earlsfort Terrace, Dublin 2, Ireland.

The Company's immediate parent undertaking is National Grid Commercial Holdings Limited which is incorporated in the United Kingdom. The ultimate parent undertaking is National Grid plc, incorporated in the United Kingdom. The Company's ownership structure is as follows (all ownership between companies is 100%):



Details on other Group subsidiaries and related undertakings are published within the National Grid plc Annual Report and Financial Statements, 2018, which is available from Investor Relations, National Grid PLC, 1-3 Strand, London, WC2N 5EH.

The business written by the captive relates to direct insurance of National Grid plc's UK operations and cover for certain divested operations.

The Company's insurance exposure is mitigated by setting limits of liability within its insurance programme and the purchase of reinsurance from Zurich Insurance Limited ('Zurich'), incorporated in the UK and National Grid Insurance Company (Isle of Man) Limited, a fellow National Grid plc subsidiary incorporated and authorised as a captive insurer in the Isle of Man.

The operation of the Company is subject to the local regulatory requirements in Ireland. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions, for example capital adequacy to minimise the risk of default and insolvency on the part of the Company to meet unforeseen liabilities as they arise.

NGICIDAC conducts all of its significant business activities from its office in Ireland, including:

- underwriting;
- premium invoicing and collection;
- claims reserving and payments; and
- investing.

During the reporting period, the Company approved the decision to novate the existing business and place the Company into voluntary liquidation. It is expected that this will take place by the end of 2018. There have been no other significant events during the reporting period which have had a material impact on the Company.

A.2 Underwriting Performance

NGICIDAC's business is the provision of insurance in a manner which enhances the risk management, economic and administrative efficiency of the National Grid plc group. Insurance is provided under two regulatory lines of business, General Liability for employers' liability risks and third party motor liability.

The Company's underwriting performance by line of business for the reporting period ended 31 March 2018 and the comparative period is set out below. Amounts are presented in Pounds Sterling (GBP), which is the Company's functional currency:

ANALYSIS OF RESULTS	***Motor***	***Employers Liability***	***Total***
	Stg£	**Stg£**	**Stg£**
2018			
Gross Premiums Written (All risks located in EU):	1,658,000	492,050	2,150,050
Gross premiums returned	(409,945)	(121,661)	(531,606)
TOTAL	1,248,055	370,389	1,618,444
Gross premiums earned	1,248,055	370,389	1,618,444
Gross claims incurred	(554,522)	(1,127,409)	(1,681,931)
Claims recoverable from Cadent Gas Limited	(31,000)	(157,758)	(188,758)
Gross operating expenses	(729,999)	(216,644)	(946,643)
Gross Result	(67,466)	(1,131,422)	(1,198,888)
Reinsurance balance	(163,575)	(67,371)	(230,946)
Net underwriting result	(231,041)	(1,198,793)	(1,429,834)
Allocated investment return	24,408	60,917	85,325
Balance on the technical account	(206,633)	(1,137,876)	(1,344,509)

Premiums written relate to business incepted during the period and as the period of risk is commensurate with the reporting period, there is no unearned portion at the period end. The Company cancelled the 2017/18 policies at 31 December 2017.

Premium pricing is re-assessed annually with the assistance of independent actuarial advice. This takes account of the underlying risks to be insured, historical claims performance, the pricing of reinsurance in the market and the relevant costs associated with the administration of the

programme. The decline in premium on the prior year is reflective of the sale of National Grid PLC's UK Gas Distribution Network and the cancellation on 31 December 2017 of the Employers Liability and Third Party Motor Liability risks written by the Company.

Provision is made for notified losses on all underwriting years and calculated gross of any reinsurance recoveries with a separate estimate being made of amounts recoverable from reinsurers.

A.3 Investment Performance

In line with the Company's documented investment policy, investments during the period included investment in UCITS funds and UK Gilts, and cash and deposits. Income arising from investment activities for the reporting period was GBP 170,650 (2016: GBP 3,267,653), the reduction reflecting a drop in unrealised gains during the period.

The Company has no investments in securitised asset classes and all investment income is recognised in the Company's income statement.

A.4 Performance of other activities

NGICIDAC does not engage in any activities other than those associated with captive insurance and has not entered into any leasing agreements.

A.5 Any other information

The Company recorded a foreign exchange gain of GBP 9,201 (2017: GBP 17,722) during the reporting period due to holding some Euro funds for the purposes of making local expense payments including tax payments. This is considered within appetite and not material to the overall financial performance of Company.

B. SYSTEM OF GOVERNANCE

B.1 General information on the system of governance

In order to meet the requirements for sound corporate governance, ensure efficient conduct of business and to protect the interests of the Company's stakeholders, the Company has a comprehensive Governance and Risk Management system in place.

The Board of the Company acknowledges its responsibility to ensure that risks are fully understood and appropriately managed and has taken appropriate steps to ensure that risk management, reporting and control processes have been put in place in a manner which reflects the nature and scale of the captive's activities.

The Governance and Risk Management System of the Company may be described as relying on four cornerstones:

1) Governance Framework, aligned with the Company's strategic objectives, providing top level oversight by the Board, clear ownership and accountability for risks, as well as clear escalation and reporting channels.

2) Risk Management Framework which details the Company's strategic objectives in documented Risk Policies. For each risk, limits and operational checkpoints as well as functional identification, mitigation and monitoring processes are documented.

3) A series of Internal Controls, defining the architecture of processes required to manage the Company in accordance with its governance and risk management framework.

4) A Risk Register combining operational and risk management processes to deliver a descriptive analysis of material risks threatening at least one of the Company's global strategy objectives.

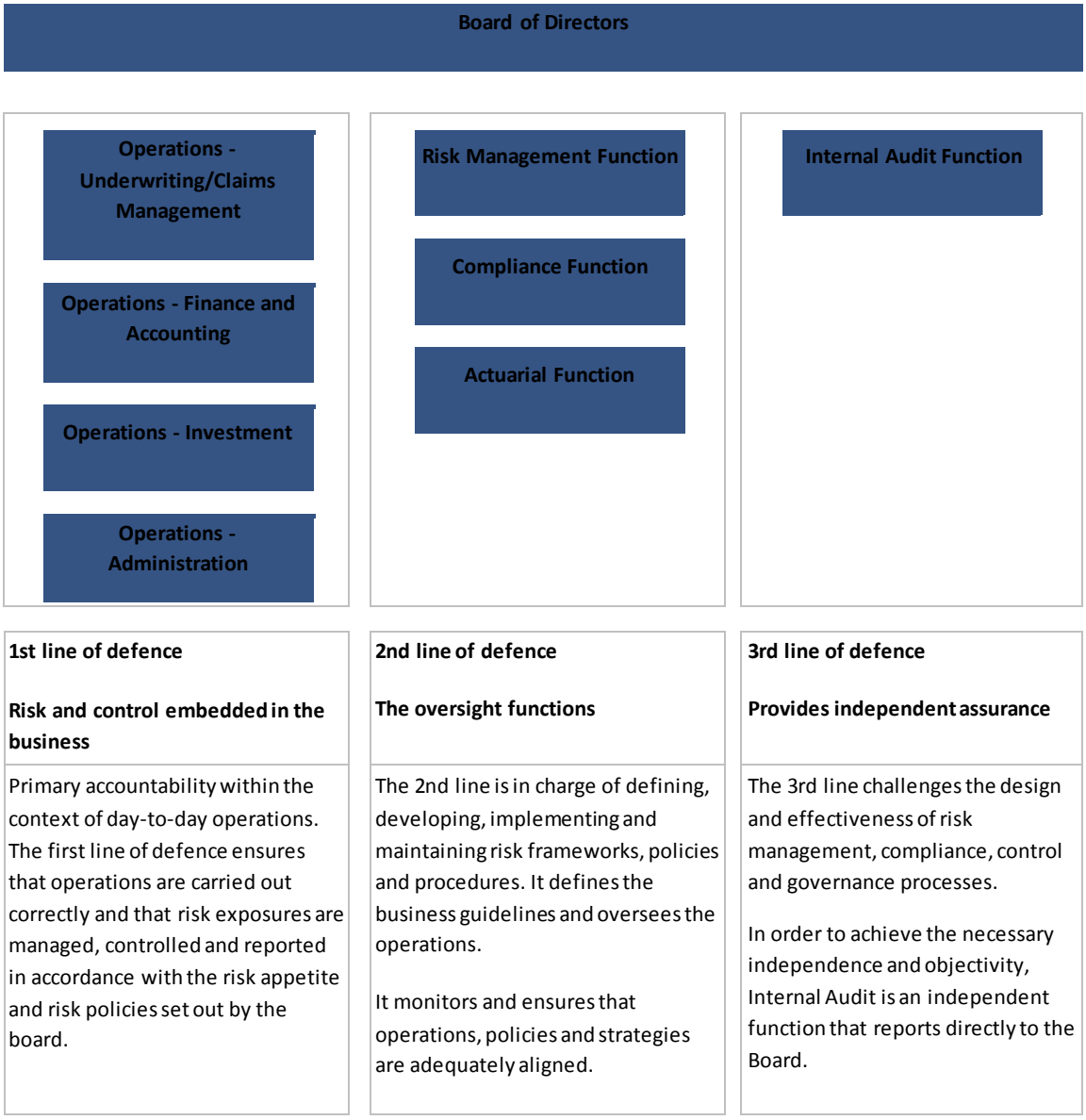
There have been no material changes to this structure in the period. NGICIDAC implemented the above system in advance of the inception of Solvency II.

In order to achieve the Company's objectives, the Board has established a system of governance with the following core components:

- the Board of Directors is the focal point of the governance system and is ultimately accountable and responsible for the performance and conduct of the Company and, as such, must have at its disposal all required capabilities to achieve its duties;
- all authority emanates from the Board of Directors and responsibilities are delegated in such a manner so as to ensure that no one individual has unfettered powers of decision;
- an embedded Compliance Function aiming to ensure the continuous compliance of the Company with all applicable legal, regulatory and administrative requirements;
- an appropriate segregation of duties in order to enable the Risk Management, Internal Audit, Actuarial and Compliance Function to perform independent risk and business control mitigation, monitoring and reporting tasks;
- a meaningful and practical approach in documenting policies and strategies to formalise all processes in an efficient and fit-for-purpose manner; and
- structured reporting processes to enable an appropriate escalation of risks and issues to the Board of Directors in order to ensure a clear and comprehensive information process

allowing the Board to conduct business in an efficient and prudent manner in line with the strategic objectives.

According to these principles, the chosen governance model is one of "three lines of defence" which is illustrated as follows:



Key Functions

The key functions of Risk Management, Internal Audit, Actuarial, Compliance and Operations have clear and defined lines of reporting directly to the Board. This is facilitated by the straightforward nature of the Company's structure and fit-for-purpose documented policies and procedures which are clearly communicated and well understood by all relevant parties. The Board has ensured that the key functions are appropriately resourced and have the necessary authority and operational independence to perform their roles. The Company has engaged Aon Insurance Managers (Dublin) Limited ('AIMD') for the provision of management services, under the terms of an outsourced service and management agreement which is overseen by the Board of Directors.

Remuneration and material transactions

The Independent Non-Executive member of the Board of Directors received remuneration for their services as a director to the Company. There are no employees and consequently no employee remuneration is paid.

As a captive insurer, all NGICIDAC's inward premium flows and claims payments relate to insured risks of the shareholder group. In addition, the Company purchased reinsurance from a fellow subsidiary. The Company has also booked claims recoverable under a Deed of Indemnity signed in March 2017 with Cadent Gas Limited (formerly National Grid Gas Distribution Limited). Other than these transactions which arise in the normal course of business, the Company had no material transactions during the reporting period with members of the shareholder group and none with members of the Board of Directors.

B.2 Fit and proper requirements

NGICIDAC has documented its Fitness & Probity policy setting out the Company's approach to the selection and assessment of the persons who effectively run the Company or are responsible for other key functions.

In selecting individuals as directors or function holders, the Company takes account of the following factors:

- specific requirements of the role
- the skills, experience and relevant qualifications of the proposed individual
- results of due diligence enquiries
- conflicts of interest
- time requirements and other commitments
- competence and integrity
- financial soundness

Consideration is given to ensuring an appropriate mix of knowledge, skills and experience across the Board of Directors and for those roles where specialist skills are required e.g. Head of Actuarial Function, only those individuals possessing the pertinent qualifications and expertise will be considered.

For those roles which are prescribed by the CBI as Controlled Functions (CFs) and Pre-approval Controlled Functions (PCFs), the Compliance function adopts appropriate control and due diligence processes in the selection and vetting of such individuals to ensure that they meet the regulator's fit and proper criteria. Written approval from the CBI is obtained prior to the appointment of PCFs. Appointed individuals are required to maintain on-going compliance with the Standards of Fitness & Probity and the guidance issued by the CBI. This is assessed by the Company on an annual basis.

B.3 Risk Management System including the own risk and solvency assessment

The Company's Risk Management System:

- sets out the level of risk acceptable by the Company (Risk Appetite and risk tolerance);
- identifies the risks which represent a threat to the achievement of its strategic objectives;
- identifies, defines and regularly measures key risk indicators enabling an efficient monitoring of risks;
- defines the appropriate actions to reduce the Company's risk exposure;
- ensures the risk management framework is implemented in day-to-day business processes; and
- regularly reviews controls and mitigation actions to ensure that they remain relevant and effective.

In order to achieve these objectives, the Risk Management System of the Company has been clearly documented and specified through specific risk management policies for each key risk category. The key risk categories for which the Company has set up specific control and monitoring mechanisms are:

- Underwriting/Reserving
- Asset Liability Management ("ALM")
- Investment
- Liquidity and concentration
- Operational
- Reinsurance and other risk mitigation techniques
- Strategic

In addition to these, an outsourcing policy defining the key rules and criteria to be followed by each service provider has been determined

Own Risk and Solvency Assessment

The Company performs an Own Risk and Solvency Assessment ('ORSA') process annually in order to provide its Board of Directors with a forward looking risk and capital assessment. The adequacy of the available capital, the Risk Appetite Framework and the appropriateness of the risk limits is assessed for the business planning period, considering the evolving risk profile. To this end, risks and scenarios to which the Company is exposed during the business planning period and which may affect the capacity to meet its insurance obligations or pose a threat to the achievement of its business objectives are taken into account.

Stress testing and scenario analysis are used to assess whether the available and future capital are sufficient in both expected and stressed situations. 3 year business projections, stresses and scenarios are compiled by the Operations Functions with input and agreement from the Board of Directors to ensure that these are appropriate for the Company.

Capital and solvency projections are conducted by the Actuarial Function and validated by the Risk Management Function. Where applicable, any future additional capital needs will be identified and aligned to the Company's capital management plan i.e. defining the measures to restore the Company's solvency margin should the assumed scenarios occur.

In line with CBI requirements, the Head of Actuarial Function provides an actuarial opinion to the Board of Directors in respect of the ORSA at the same time that the results of the ORSA process are presented to the Board for review and challenge. Following feedback and approval from the Board, the Company's ORSA report is finalised and results submitted to the CBI within 2 weeks.

The ORSA report provides clarity over projected risk assessments and solvency needs to three different stakeholders:

Stakeholder	Expectation	ORSA Report
Board of Directors	Matching projected risks vs the Risk Appetite framework.	Provides a clear and prospective understanding of critical risk exposures and their relationship with Risk Appetite boundaries.
Shareholders	Detailed and prospective understanding about the risk of bankruptcy and potential need for future additional capital.	Provides a plan for capital needs on the time horizon of the financial planning.
Supervisory Authority	Detailed and prospective understanding of potential ORSA deviations compared to solvency capital requirements	Gathers information about: projected Solvency ratios; - explanations about deviations due to specific critical risks exposures.

The ORSA process described above ensures that the ORSA is integrated in the Company's decision-making and business planning process. Furthermore, monitoring procedures as set out in the risk management policies ensure that risk exposures are measured on a regular basis triggering exception reports to the Board.

The capital risk appetite for NGICIDAC is to sustain its capital at a level sufficient to meet the Regulatory Solvency Capital Requirement at all times. The Board of Directors maintains a prudent approach to capital to ensure that NGICIDAC is in a comfortable position to meet this obligation.

B.4 Internal Control System

The Internal Control System embedded in the Company's operations is a mix of processes undertaken by all stakeholders within the Company to provide reasonable assurance that the strategic objectives will be achieved.

In order to achieve the aforementioned objectives, the Internal Control framework of the Company is structured around five complementary components.

Component	Contents
1) Control environment	A strong "risk and control" culture is embedded within the Company's operations through the continuous oversight of the Board of Directors and the communication to all internal stakeholders of all governance and risk principles through the Company's governance manual.
2) Risk assessment	Procedures and policies are detailed and formalised in order to disclose the way of identifying, managing, controlling, mitigating and reporting issues relating to each risk category.
3) Reporting channels	Clear and structured reporting processes are in place enabling the Board of

	Directors to have access to relevant, complete, reliable, correct and timely communication related to internal as well as external events.
4) Monitoring process	The appropriate escalation of significant issues to the Board of Directors, the ongoing involvement of all internal stakeholders as well as the Internal Audit process enables the Company to continuously monitor and adapt when necessary its Internal Control System.
5) Control activities	The Company has developed a comprehensive set of preventive, detective or corrective control actions embedded in its daily operations.

In order to set out how the Internal Control System is implemented, the Company's processes and related control activities are documented, monitored and reviewed on a regular basis.

These items are designed by the Risk Management Function, approved by the Board of Directors and evaluated by the Internal Audit Function. They are reviewed as often as necessary but at least annually.

Compliance Function

The Compliance Function is an integral component of the Company's governance system. The Company has a dedicated Head of Compliance reporting to the Board of Directors, supported by a Compliance Officer who coordinates the activities of the Compliance Function.

The responsibilities of the Compliance Function include:

- utilisation of compliance management practices that contribute to the use of sound, responsible and sustainable business practices by the Company;
- presentation of an annual compliance plan to the Board of Directors, outlining specific areas which it will focus on during a particular year;
- promotion of a culture of compliance within the organisation;
- maintenance of 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 the Company;
- consideration of possible future changes in the legal environment and their potential effect on the Company as well as providing regular compliance and regulatory updates to the Board of Directors;
- identification and communication throughout the Company the laws, regulations and codes of conduct to which the Company is subject and assisting to embed compliance with these in the way the Company does business; and
- investigation and follow up of compliance breaches, ensuring timely reporting to the Board and in certain circumstances to outside bodies such as the CBI.

B.5 Internal Audit Function

Purpose and Objectives

The purpose of the Internal Audit Function is to serve as an independent function that objectively evaluates and recommends improvements with respect to the Company's Internal Control System by facilitating an objective and independent assessment of the processes and controls in place.

It assists the Company in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes employed by the Company. The audit approach is risk based and in line with an annual audit plan which is provided by the Head of Internal Audit to the Board of Directors.

The Internal Audit Function and the appointed Head of Internal Audit report directly to the Board of Directors.

Independence and Impartiality

The Company's Internal Audit Function has been established to be independent of the activities audited, the operational functions and the Board of Directors.

The Internal Audit Function is free to report its findings and appraisals and to disclose them to the Board as required. This principle of independence ensures that the Internal Audit Function reports directly to the Board of the Company.

B.6 Actuarial Function

The Company has established an effective Actuarial Function, including a nominated Head of Actuarial Function ('HoAF') approved by the CBI, which carries out the following key tasks:

- coordination of the calculation of technical provisions in conjunction with other outsourced actuarial resources;
- ensuring the appropriateness of the methodologies, underlying models and assumptions made in the calculation of technical provisions;
- assessment of the sufficiency and quality of the data used in the calculation of technical provisions. Where relevant, the Actuarial Function will provide recommendations on internal procedures to improve data quality;
- estimation of Solvency II technical provisions (both claims and premium provisions)
- comparison of best estimates against experience;
- reporting to the Board of Directors on the calculation, reliability and adequacy of technical provisions;
- calculation of the Solvency and Minimum Capital Requirements at the balance sheet date;
- ensuring results of technical provisions can efficiently feed into solvency capital calculations and Quantitative Reporting Templates (QRTs) on both a quarterly and annual basis;
- contributing to the effective implementation of the Risk Management System, in particular:
    i. with regard to risk modelling underlying the calculation of the Solvency and Minimum Capital Requirements; and
    ii. the application of stress scenarios to the solvency calculations as part of the Company's ORSA process.

- provision of opinions on:
  - Technical provisions
  - Solvency position
  - Underwriting Policy
  - Reinsurance arrangements
  - ORSA

The HoAF reports to the Board of Directors and issues a report in writing at least annually documenting all of the material tasks that have been undertaken by the Actuarial Function during the reporting period.

In establishing the Company's Actuarial Function, the Board of Directors has ensured that the persons involved have the requisite qualifications and demonstrable experience in the area of non-life reserving and are fully conversant with the Solvency II requirements for the calculation of Technical Provisions.

B.7 Outsourcing

All functions and activities of the Company are eligible to be outsourced provided that specific criteria are satisfied in each instance.

The Board is responsible for the approval and termination of all outsourcing arrangements of critical or important functions or activities. Critical or important functions or activities include key functions relating to the Company's System of Governance and all functions within the Company that are fundamental to carry out its core business. The Board is responsible for ensuring notification to the CBI is made in a timely manner prior to the outsourcing of critical or important functions or activities, and thereafter where there have been material developments in relation to the service provider.

The objectives of NGICIDAC's Outsourcing Policy are to ensure that the outsourcing of critical or important operational functions or activities does not lead to:

- Reduction in the Board's responsibility for, or influence over, key functions of the Company;
- Material impairment of the quality of the Company's System of Governance;
- Any impairment of the Company's ability to meet its regulatory requirements;
- Non adherence to the Company's approved policies and procedures;
- Undue increases in operational risk or cost;
- Material impairment of the Company's ability to fulfil its obligations to stakeholders;
- Conflicts of Interest;
- Breach of the Company's data protection obligations.

The Board is responsible for assessing the risks associated with the outsourcing of critical or important functions or activities, carrying out the appropriate due diligence on the outsourced service provider and for reviewing the performance of outsourced service providers against their agreed and documented Service Level Agreements ('SLA').

The management of the Company is coordinated and carried out at its place of business in Ireland. NGICIDAC engages outsourced service providers in order to access the expertise and strength and depth of resources necessary to manage the specific requirements of a regulated captive insurance company operating on a multicultural basis.

The following critical or important functions / activities are outsourced:

Critical or important function	Outsourced Service Provider	Jurisdiction
Underwriting administration	Aon Insurance Managers (Dublin) Limited (AIMD)	Ireland
Claims administration	AIMD	Ireland
Finance and accounting	AIMD	Ireland
Compliance Function	AIMD	Ireland
Risk Management Function	National Grid plc Group risk manager	United Kingdom
Actuarial reserving and Actuarial Function	Willis Towers Watson	United Kingdom
Internal Audit Function	EisnerAmper Ireland	Ireland
Claims handling	Keoghs (formerly Hill Dickinson) Zurich	United Kingdom

B.8 Any other information

The Board is satisfied, based on its assessment of the frameworks which have been established and are in use, that the Company's system of governance is appropriate and adequate for the nature, scale and complexity of the risks inherent in its business operations.

There are no other material items to report in this section.

C. RISK PROFILE

The Risk Appetite Framework adopted by the Board sets out the level of risk that the Company is prepared to accept in the pursuit of its strategic objectives. It sets out:

- the Company's overall philosophy to risk taking and the expectations of shareholders;
- the Company's tolerance to loss of capital, profit volatility and other specified measures; and
- the risk limits that are acceptable in terms of exposures to different types of risk.

The Company's Risk Register combines operational and risk management processes to deliver a descriptive analysis of material risks threatening at least one of the Company's strategic objectives.

The Board's annual ORSA process is based on the company's current and expected risk profile over the business planning period and supports the Board in achieving its strategic objectives by taking a structured and combined approach of strategy, risk management and capital management.

C.1 Underwriting risk

Until 31 December 2017, the Company underwrote contracts that transfer insurance risk. The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty that the Company will have sufficient assets to satisfy the amounts payable under the contract. The Company sought to ensure that it collected sufficient premium income to meet the cost of potential claims over time, but the uncertainty surrounding the severity and frequency of claims can lead to variation in the Company's performance over the short term. Whilst considerable judgment is involved, the Directors ensured that suitable processes are in place to ensure the reliability, sufficiency and adequacy of the statistical and accounting data to be considered in both premium pricing and loss reserving exercises.

As the Company is a captive insurer, it is effectively insuring the risks of one customer, its parent group, and thus is exposed to risk concentration. However, diversification is achieved through the varying lines of business of the underlying risks.

The principal assumptions underlying the Company's estimation of liabilities is that the Company's future claims development will follow a similar pattern to past claims development experience. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example, isolated large claim occurrences, economic conditions, internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors, such as judicial decisions and government legislation affect the estimates, especially taking account of the longer term nature of the risks which the Company underwrites.

The Company manages these risks through its underwriting strategy of arranging for an external qualified actuary to review pricing and reserve adequacy of the Company on an annual basis, the settling of appropriate policy limits and having adequate reinsurance arrangements in place. The Company also monitors emerging issues and factors in their potential impact on the Company's pricing and claims reserving.

The primary risk mitigation technique utilised is the purchase of reinsurance as this provides balance sheet protection, from both claims severity and frequency, in an economically and administratively efficient manner. The effectiveness of these reinsurance arrangements is assessed on a monthly basis through the preparation of the Company's financial accounts and reviewed at an overall level

as part of the considerations for premium pricing on an annual basis. The primary focus of the Company's reinsurance strategy is on the security and financial stability of reinsurers selected.

The Company takes all reasonable steps to ensure that it has appropriate information regarding its underwriting exposures.

Annual support and certification is provided by the Company's Actuarial Function.

As part of the Company's ORSA process, stress and scenario tests incorporating differing claims experience are considered. The impact of the Company experiencing a large, full limit liability loss and the impact of large losses over multiple years were considered as part of the ORSA carried out in the reporting period. While these scenarios resulted in a reduction in the Company's available capital, the regulatory solvency requirements were still achieved.

Sensitivity analysis is also performed for underwriting risks by selecting conservative movements in the ultimate loss ratios ('ULRs') used in the estimation of claims reserves for financial statements purposes and holding all other assumptions constant. The resultant impact on Profit before Tax (PBT) and impact on equity for the financial period is shown below:

	Impact on PBT for the year Stg£	Impact on equity for the year Stg£
2018		
Increase in ULRs by 10%	(130,905)	(114,542)
Decrease in ULRs by 10%	130,905	114,542
2017		
Increase in ULRs by 10%	(355,146)	(310,752)
Decrease in ULRs by 10%	355,146	310,752

C.2 Market risk

The risk of future changes in market prices, which would result in devaluation of investable assets, may result from several factors, including, but not limited to, value, liquidity, duration, composition, interest rates, foreign exchange rates and market fluctuations. The Company diversifies its portfolio to reduce the exposure to market fluctuations and market risk concentrations.

NGICIDAC has an investment strategy in place in line with its Risk Appetite Framework and the related 'Prudent Person' regulatory requirements. The Company endeavours to:

- prudently invest with consideration of the prevailing financial market environment;
- ensure the Company invests appropriately so as not to result in the Company failing to meet its Solvency Capital Requirements;
- ensure that the Company holds assets of sufficient value and liquidity to meet all liabilities as they become due;
- maximise investment return within the levels of risk as defined by the Company's Risk Appetite;
- ensure compliance with the Liquidity Strategy and Policy;
- ensure compliance with the Asset-Liability Management Strategy and Policy; and
- ensure effective risk management of investments at all times, with due consideration of the risks associated with investments and procedures to monitor, manage and report these risks in a timely manner as part of the Company's overall Risk Management System.

Interest rate risk arises on the return on the Company's investments including cash, deposits with credit institutions, bonds and UCITS funds. The following table presents the various interest sensitive financial instruments for which the Company bears interest rate risk:

	2018		2017	
	Stg£	%	Stg£	%
Floating rate instruments	25,517,951	65%	27,541,371	66%
Fixed rate instruments				
< 1 year	6,677,890	17%	600,000	1%
1-2 years	-	-	6,002,721	14%
2-5 years	-	-	-	-
5-10 years	7,318,275	19%	7,580,294	18%
Total instruments where value is sensitive to interest rate movements	39,514,116	100%	41,724,386	100%

The Company has limited exposure to currency risk to the extent its assets and liabilities are predominantly denominated in the same currency as its functional currency, which mitigates the foreign currency exchange rate risk. The Company has a EUR bank account which is held in order to hold small amounts of Euro currency as required to meet day to day operational expenses. Due to the limited exposure to currency risk, management considers that it is unnecessary to attempt to mitigate foreign exchange rate fluctuations.

C.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The assets that are exposed to credit risk are:

- Cash and cash equivalents
- Investments and deposits with credit institutions
- Reinsurers share of insurance liabilities
- Amounts due from insurers

The Company utilises custodians deemed to be of high credit quality to hold its cash and cash equivalents and deposits with credit institutions and invests only in highly credit rated investments.

Investments and deposits are managed under the Investment strategy (market risk). The Company recognises the credit risks associated with its reinsurance arrangements. The Company manages its reinsurance risks by establishing a reinsurance strategy and this strategy sets out the minimum requirements for any reinsurance counterparty.

The Company cedes a portion of risk to reinsurers in the normal course of business. The purchase of reinsurance does not relieve the Company of its obligation to its policyholders and accordingly a credit risk exists to the extent that any reinsurer is unable to meet the obligations assumed under such reinsurance agreements.

The Company mitigates this credit risk by reinsuring with counterparties who are considered appropriately credit worthy. The credit-worthiness of reinsurers is monitored on a regular basis.

C.4 Liquidity risk

The Company is exposed if proceeds from financial assets are not sufficient to fund obligations arising from its insurance contracts. The Company can be exposed to daily calls on its available

investment assets, principally from insurance claims. Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash commitments associated with financial obligations.

The Company has determined that liquidity risk does not represent a significant exposure to its business. This assessment is based on the fact that the Company has its investments held in highly liquid assets which it can access immediately or within a very short time frame without incurring material costs or penalties. Investments are in compliance with the Company's investment guidelines.

C.5 Operational risk

Operational risk is the risk of loss arising from system failure, human error, fraud, or external events. When controls fail to perform, operational risk can cause damage to reputation, have legal or regulatory implications, or can lead to financial loss. The Company have a rigorous control framework and monitoring process in place to manage operational risk. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education, and assessment processes. Outsourced activities are monitored and managed in the same manner in line with the Outsourcing policy.

The Company cannot expect to eliminate all operational risk, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risk.

In addition, NGICIDAC is subject to Internal and External Audit review.

NGICIDAC maintains a regulatory dialogue with the CBI to mitigate the risk of any potential sanction or compliance breach as well as using expert, industry leading, service providers to provide its outsourced functions which helps avoid any material error or delay. In order to ensure the quality of the outsourced functions is as high as possible, NGICIDAC puts in place service level agreements outlining key performance indicators against which its outsourced service providers can be monitored and assessed.

C.6 Other material Risks

Strategic Risk

Strategic risk is the risk of loss arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes i.e. the risk associated with implementing the wrong strategy or failing to correctly implement the chosen strategy.

The control and monitoring actions/principles underlying the strategic risk management of the Company are:

- Review at least annually of the appropriateness of the high level overall objectives for the Company; the major risks facing the Company; the Risk Appetite for each of these major risks identified. The Board of Directors will ensure continuing appropriateness, at least annually and revisions shall be affected where necessary.
- Ensure the Company strategy is implemented correctly including approval, review and, monitoring of objectives for the Company.
- Ensure all plans are regularly reviewed to ensure that Risk Tolerances are not exceeded individually or in total.

Sensitivity Risk

The Actuarial Function assesses annually the sensitivity of its estimate of the Company's unpaid claim liabilities of varying the key assumptions underlying its analysis. Given the nature of the Company's exposures, the key assumptions underlying the actuarial analysis are subject to a range of reasonable interpretations.

No other material risks have been identified.

C.7 Any other information

There are no other material items to report in this section.

D. VALUATION FOR SOLVENCY PURPOSES

D.1 Assets

NGICIDAC prepares its financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101), applicable accounting standards, the provisions of the Companies Act 2014 and the European Union (Insurance Undertakings: Financial Statements) Regulations 2015. For the year ended 31 March 2018 the Company's financial statements were prepared on a basis other than that of a going concern. There are a number of differences between the financial statement basis and the Solvency II valuation rules. Most of these differences are driven by the requirement for all assets and liabilities to be valued on a market consistent fair value basis under Solvency II.

At the end of the current reporting period NGICIDAC has total assets valued at GBP 43,949,614 for solvency purposes. This total comprises the following categories of assets:

- Deposits other than cash equivalents GBP 750,228

  This amount represents short term deposits with an original maturity of three months or less and is stated at market value for both solvency and financial statement purposes, the only difference being the inclusion of accrued interest in the above balance. Accrued interest is disclosed as a separate line item in the financial statements.

- Non-life reinsurance recoverables GBP 535,414
  These amounts are dealt with in Section D2 below as part of the explanation on the valuation of technical provisions.

- Cash and cash equivalents GBP 458,685
  Cash and cash equivalents comprise cash at banks. Carrying amounts approximate fair value due to the liquid nature of the assets. There are no valuation adjustments for solvency purposes.

- Government bonds GBP 13,270,142
  This amount is stated at market value for both solvency and financial statement purposes, the only difference being the inclusion of accrued interest in the above balance. Accrued interest is disclosed as a separate line item in the financial statements.

- Collective Investment Undertakings GBP 25,517,951
  This amount is stated at market value for both solvency and financial statement purposes. There are no valuation adjustments for solvency purposes.

- Escrow accounts GBP 218,412
  There are no valuation adjustments for solvency purposes.

- Claims recoverable under Deed of Indemnity GBP 2,883,720
  This amount is adjusted for ENIDs, bad debt, and discounting for solvency purposes.

- Any other assets, not elsewhere shown GBP 257,877
  This amount comprises refunds receivable and there are no valuation adjustments for solvency purposes.

- Deferred tax GBP 57,185

  The deferred tax asset arises as a result of the overall decrease in the Company's available capital when moving from the financial statements basis of accounting to a Solvency II valuation. It is calculated by applying the prevailing corporation tax rate of 12.5% to the sum of all the other valuation adjustments explained in this Section D. The Company is satisfied that it will have sufficient taxable profits to absorb this asset as the underlying timing differences unwind over time.

Information on how the Company invests its assets and manages risk in this area, including how it achieves compliance with the 'prudent person principle', is set out in Sections C2 – C4 above. Operational risks relating to the Company's assets are managed according to the control framework described in Section B4 above.

D.2 Technical Provisions

The technical provisions of NGICIDAC relate to the employers liability and motor lines of business and amounts at 31 March 2018, gross and net of reinsurance, are set out below in GBP:

	Claims Provision	Premium Provision	Best Estimate	Risk Margin	Technical Provisions
Gross	8,298,298	-	8,298,298	688,378	8,986,677
Net	7,762,884	-	7,762,884	688,378	8,451,262

These amounts comply in all material respects with the relevant Solvency II requirements.

The starting point for the calculation of the Solvency II technical provisions is the amounts which have been calculated for the financial statements reserving basis. Within the financial statements, full provision is made for the estimated cost of all claims notified but not settled at the period-end using the best information available at that time. Provision is made for the cost of claims incurred but not reported and at the period-end, and potential development on outstanding claims estimates (together regarded as IBNR reserves). In addition, an estimate is made for future claims handling expenses relating to claims outstanding at the period-end.

Provisions are calculated gross of any reinsurance recoveries with a separate estimate being made of amounts recoverable from reinsurers. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. In estimating the cost of claims notified but not paid, the Company has regard to claims circumstances as reported, any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. IBNR provisions are established having regard for the results of a valuation on a best-estimate basis by an independent actuary together with a margin for uncertainty which has been determined by management.

Claims projections have been carried out using a range of standard actuarial methods, including the Development Factor Method (DFM), the Bornhuetter-Ferguson method (BF) and the frequency/severity method. DFM involves the calculation of loss development factors from historical data, these factors are then used to estimate the ultimate cost for years in which claims

are still open. DFM assumes that past development patterns will continue to be appropriate for the future. BF involves a blend of DFM and an expected loss ratio method and is used for long-tail lines of business where data may be insufficient or immature. The frequency/severity method calculates ultimate losses by separately projecting ultimate claim frequency and severity and in this way avoids distortions that may be present in other methodologies as well as providing additional insight on the true drivers of loss experience.

Solvency II requires undertakings to hold technical provisions which correspond to the amount they would have to pay to transfer their (re)insurance obligations immediately to another undertaking. This value comprises a **best estimate** and a **risk margin**, intended to represent a market consistent valuation**.** The technical provisions take account of the time value of money by discounting using a risk-free interest rate term structure as at the valuation date. There is no allowance for prudence in the calculation of best estimates.

The best estimate is calculated by considering all future cash inflows and outflows required to settle the existing (re)insurance obligations over their lifetime. It represents the mean outcome of all possible scenarios, taking account of how likely they are to occur and their potential variability. In this regard, the best estimate is a probability-weighted average of future cash flows, allowing for the time value of money.

The Solvency II best estimate is calculated gross with any recoverables calculated separately following the same methodology. The best estimate is made up of a claims provision and a premium provision, relating to past and future exposures respectively. An allowance has been made for reinsurer counterparty default. Claims payments in the claim and premium provisions have been projected at annual intervals using annual paid development patterns.

The Solvency II claims provision is equivalent to the expected net present value of the best estimate claims reserve, with additional allowances to allow for all possible outcomes through the inclusion of provisions for Events Not in Data (ENID) and the future expenses that will be incurred in servicing the existing reinsurance obligations. The claims provision also includes all unpaid premium relating to earned exposures that are within payment terms.

Under the Solvency II contract boundary definition, any policies which have been bound, even if unincepted as at the valuation date, must be considered in the premium provision. The Solvency II premium provision is therefore equivalent to the expected net present value of the following cash inflows and outflows, relating to unearned exposure from incepted contracts and exposure from unincepted contracts bound as at the valuation date:

- Cash flows from future premiums in relation to future claims;
- Cash flows arising from future claim events (e.g. claims payments);
- Cash flows arising from loss adjustment expenses in respect of claims events occurring after the valuation date;
- Cash flows arising from the ongoing administration of policies in-force as at the valuation date; and
- Cash flows arising from salvage and subrogation.

As the Company has ceased writing new business and is expected to be liquidated in 2018, the best estimate of premium provisions is nil.

Estimates are "best estimates" in the sense that they are intended to be a probability-weighted average of all possible outcomes. NGICIDAC has employed techniques and assumptions that are appropriate for the purpose of calculating its Solvency II technical provisions. The actual amounts required to meet future claim payments may differ from estimates for a number of reasons, such as model specification error, parameter error and random error due to the inherent uncertainty in insurance. External environment risk factors may cause material deviations in estimates of technical provisions, including persistent negative interest rates, inflation and currency exchange rate fluctuations.

The Solvency II risk margin is intended to represent an amount that NGICIDAC would be required to pay, in excess of the best estimate of the liabilities, for a third party to assume the risk of running off the existing liabilities. The actuarial calculation of the risk margin is consistent with the Solvency II regulations, applying a 6% cost of capital to the amount of capital required at the beginning of each year to support the run-off of the insurance obligations. These future costs of capital are then discounted to the valuation date and summed to calculate the amount of risk margin required.

The resultant differences between the value of technical provisions for solvency purposes and the financial statements at 31 March 2018 are shown below (GBP'000):

	Gross	**Reinsurer's share**	**Net**
Claims provisions on financial statements basis	**8,580**	**572**	**8,008**
Removal of margin for uncertainty	(680)	(67)	(613)
Provision for Events Not In Data	138	38	100
Provision for expenses in claims provision	803	-	803
Discounting	(542)	(7)	(535)
Solvency II claims provisions	**8,298**	**535**	**7,763**
Premiums provisions – best estimate of liabilities	-	-	-
Provision for expenses in premium provision	-	-	-
Discounting	-	-	-
Solvency II premium provisions	**-**	**-**	**-**
Risk margin on technical provisions	**688**	**-**	**688**
Total Solvency II technical provisions	**8,986**	**535**	**8,451**

Information on how the Company manages risk in the area of underwriting and reserving is set out in Section C1 above. Operational risks relating to the Company's technical provisions and claims data are managed using the Control Framework described in Section B4 above.

The Company is satisfied that it has access to sufficient historical claims data on an annual basis for the calculation of its technical provisions and that this data is accurate and appropriate for the Company's needs. Claims management processes by the Company are appropriate and adequate given the nature of the underlying risks. Significant reporting delays are not experienced.

In calculating its technical provisions on a Solvency II basis, NGICIDAC has not applied any of the following items:

- matching adjustment referred to in Article 77b of Directive 2009/138/EC;
- volatility adjustment referred to in Article 77d of Directive 2009/138/EC;
- transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC; and
- transitional deduction referred to in Article 308d of Directive 2009/138/EC.

D.3 Other liabilities

Other liabilities of GBP 62,840 are classified as payables for solvency purposes. This amount comprises claims and underwriting expenses payable and there are no valuation adjustments for solvency purposes.

D.4 Alternative methods for valuation

No alternative methods were used.

D.5 Any other information

There is no other information to report.

E. CAPITAL MANAGEMENT

E.1 Own funds

The Company has put in place a Capital Management policy to ensure that 'Own Fund' items, both at issue and subsequently, meet the requirements of the Solvency II capital regime. The objectives of the policy are to ensure that on an on-going basis the Company has:

- own fund items available to meet its capital requirements; and
- developed processes to ensure the appropriateness of its own fund items.

As part of the annual review of the medium-term capital plan, the Company reviews the level, composition and classification of own fund items to ensure they continue to meet its own solvency needs, and its regulatory obligations in respect of Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR). A 3 year forward looking time horizon is used for business planning purposes and any anticipated changes to the Company's business and risk profile are factored into the ORSA process to assess the solvency and capital needs over this business planning period. It is intended that the Company's capital needs will be managed out of its existing pool of own funds and the efficient management of the Company's insurance business. Should additional funds be required outside of that, they will be advanced by the shareholder.

The Company's own funds consist of the following items:

- Issued Share Capital; and
- Retained Earnings.

Any change to the share capital requires the approval of the Shareholder and the Board. Retained earnings are adjusted on a quarterly basis to take account of the profits/losses earned in the period together with any Solvency II valuation adjustments.

The payment of dividends is considered on an annual basis by the Board as part of its medium-term capital assessment. Potential dividends will be considered as part of the Company's ORSA process to ensure that the Company will continue to meet its solvency needs over the business planning period.

Any other qualifying own fund item requires the review and approval of the Board. In such instances, the Board must ensure that the terms and conditions of any own fund item are clear and unambiguous in relation to the capital classification.

Own fund items at the end of reporting period and the prior year comparative period are as follows:

	2018 GBP	2017 GBP
Ordinary paid up share capital	600,000	600,000
Reconciliation reserve	34,178,854	33,527,388
Total Tier 1 capital	34,778,854	34,127,388
Net deferred tax asset – Tier 3 capital	-	110,164
Total basic own funds	34,778,854	34,237,552

The movement in basic own funds during the reporting period reflects the profitability of the Company as adjusted for the valuation of net technical provisions on a market consistent fair value basis under Solvency II. The reconciliation reserve represents the Company's retained profits as adjusted for

Solvency II valuation principals. The adjustments which arise in the application of these principles are shown in the equity reconciliation below.

At the end of the current reporting period eligible own funds available to meet the Company's SCR are GBP 34,778,854, comprised solely of Tier 1 capital. Eligible own funds available to meet the Company's MCR are GBP 34,778,854, also comprised solely of Tier 1 capital.

The equity position as shown in the Company's 31 March 2018 year-end financial statements can be reconciled to the basic own funds balance under Solvency II as follows:

	2018 GBP
Equity per the Company's financial statements	**35,179,148**
Adjustments to technical provisions and reinsurance recoverables	(443,144)
Revaluation of Letter of Indemnity	(527,522)
Removal of expenses payable	513,187
Deferred tax asset	57,185
Own funds (excess of assets over liabilities for solvency purposes)	**34,778,854**

Adjustments are made to technical provisions in line with the valuation methodologies set out in section D.2 above. In addition, NGICIDAC's expenses payable are included within the technical provision calculation. A deferred tax asset is recognised due to the decrease in available capital between the financial statements and the regulatory own funds. The amount represents 12.5% of the above adjustments and is considered fully recoverable in line with the Company's projections.

NGICIDAC has no ancillary own funds and there are no transitional arrangements impacting its capital calculations.

E.2 Solvency capital requirement and minimum capital requirement

At the end of the current reporting period, NGICIDAC's SCR and MCR have been calculated as GBP 5,505,398 and GBP 3,237,130.

The SCR is intended to correspond to the capital the Company needs to hold in order to limit the probability of ruin, in the following 12 months, to 0.5%, i.e. ruin would occur less than once in every 200 years. The SCR calculated at the end of the current reporting period, relates to the capital required to support the business over the prospective 12 months; covering both existing liabilities and business written during 2017/2018. Based on the Company's eligible own funds of GBP 34,778,854, the Company has a solvency ratio at 31 March 2018 of 632%.

The SCR has been calculated using the standard formula and without the application of any undertaking specific parameters.

The split of SCR by risk modules is shown below, together with the prior year unaudited comparative:

£000s	As at 31-Mar-18	As at 31-Mar-17	Difference
Market Risk			
Interest rate risk	2,585	2,855	(270)
Equity risk	2,028	2,407	(379)

Property risk	0	1	(1)
Spread risk	1,283	1,334	(51)
Currency risk	38	325	(287)
Diversification	(1,877)	(2,261)	384
Total Market Risk	**4,057**	**4,661**	**(604)**
Counterparty Default Risk			
Type 1 (Reinsurer Default Risk, etc)	465	512	(46)
Total Counterparty Default Risk	**465**	**512**	**(46)**
Non-Life Underwriting Risk			
Premium and Reserve Risk (ex-Catastrophe Risk)	2,154	2,659	(505)
Non-life Catastrophe Risk	-	1,074	(1,074)
Diversification	-	(626)	626
Total Non-Life Underwriting Risk	**2,154**	**3,107**	**(953)**
Diversification Between Risk Categories	(1,420)	(1,825)	405
BSCR	**5,256**	**6,454**	**(1,198)**
Operational Risk	**249**	**295**	**(46)**
Total Solvency Capital Required (SCR)	**5,505**	**6,749**	**(1,244)**
Total Minimum Capital Required (MCR)	**3,237**	**3,332**	**(95)**

The movement on the SCR from the prior year is mainly driven by the removal of non-life premium and catastrophe risk due to the business entering run-off with no un-earned exposure. This change to the business also reduces the technical provisions and consequently the associated counterparty and operational risk. Reduction in market risk is driven by reduction in the amount of investments held. Currency risk has reduced due to closer matching of asset and liability exposures.

The MCR is calculated through a prescribed formula based on the net technical provisions (excluding the risk margin) and net written premium. It is also constrained to be between 25% and 45% of the SCR. Further to this, SI 485 sets out absolute minimum MCR values for non-life and life insurers, reinsurers and captives. In the case of NGICIDAC, as a non-life captive insurer writing liability business, this absolute floor is EUR 3,700,000. Having carried out the calculations and applied the relevant limits, the resultant MCR for the Company is GBP 3,237,130 (equivalent of the absolute floor translated at the period-end exchange rate). The movement in MCR from the prior year reflects the change in EUR/GBP exchange rates over the period.

E.3 Use of duration-based equity risk sub module in calculation of the solvency capital requirement

There was no use of duration based equity risk sub module in the calculation of the SCR.

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

NGICIDAC used the standard formula in determining its SCR and MCR and did not rely on any internal model.

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

There are no instances of non-compliance with the MCR and SCR.

E.6 Any other information

There is no other information to report.

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

ANNEX I – QUANTITATIVE REPORTING TEMPLATES

The following reporting templates are appended to this report:

S.02.01.02 – Balance sheet*

S.05.01.02 – Premiums, claims and expenses

S.05.02.01 - Premiums, claims and expenses by country

S.17.01.02 – Non Life technical provisions*

S.19.01.21 – Claim development triangles*

S23.01.01 – Own funds*

S25.01.21 – SCR using standard formula*

S28.01.01 – MCR*

*templates subject to external audit.

Amounts are in GBP'000

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	57
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**	39,757
Property (other than for own use)	**R0080**	
Holdings in related undertakings, including participations	**R0090**	
Equities	**R0100**	
Equities - listed	**R0110**	
Equities - unlisted	**R0120**	
Bonds	**R0130**	13,270
Government Bonds	**R0140**	13,270
Corporate Bonds	**R0150**	
Structured notes	**R0160**	
Collateralised securities	**R0170**	
Collective Investments Undertakings	**R0180**	25,518
Derivatives	**R0190**	
Deposits other than cash equivalents	**R0200**	750
Other investments	**R0210**	218
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**	535
Non-life and health similar to non-life	**R0280**	535
Non-life excluding health	**R0290**	535
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**	2,884
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**	459
Any other assets, not elsewhere shown	**R0420**	258
Total assets	**R0500**	**43,950**

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	8,987
Technical provisions – non-life (excluding health)	**R0520**	8,987
TP calculated as a whole	**R0530**	
Best Estimate	**R0540**	8,298
Risk margin	**R0550**	688
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**	
Pension benefit obligations	**R0760**	
Deposits from reinsurers	**R0770**	
Deferred tax liabilities	**R0780**	121
Derivatives	**R0790**	
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	
Insurance & intermediaries payables	**R0820**	63
Reinsurance payables	**R0830**	
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**	**9,171**
Excess of assets over liabilities	**R1000**	**34,779**

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)**								
		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
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**
Premiums written										
Gross - Direct Business	**R0110**				1,248				370	
Gross - Proportional reinsurance accepted	**R0120**									
Gross - Non-proportional reinsurance accepted	**R0130**									
Reinsurers' share	**R0140**				242				67	
Net	**R0200**				1,006				303	
Premiums earned										
Gross - Direct Business	**R0210**				1,248				370	
Gross - Proportional reinsurance accepted	**R0220**									
Gross - Non-proportional reinsurance accepted	**R0230**									
Reinsurers' share	**R0240**				242				67	
Net	**R0300**				1,006				303	
Claims incurred										
Gross - Direct Business	**R0310**				502				1,316	
Gross - Proportional reinsurance accepted	**R0320**									
Gross - Non-proportional reinsurance accepted	**R0330**									
Reinsurers' share	**R0340**				78				0	
Net	**R0400**				424				1,316	
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**				771				229	
Other expenses	**R1200**									
Total expenses	**R1300**									

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)**			Line of business for: **accepted non-proportional reinsurance**				Total
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0100	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written									
Gross - Direct Business	**R0110**								1,618
Gross - Proportional reinsurance accepted	**R0120**								
Gross - Non-proportional reinsurance accepted	**R0130**								
Reinsurers' share	**R0140**								309
Net	**R0200**								1,309
Premiums earned									
Gross - Direct Business	**R0210**								1,618
Gross - Proportional reinsurance accepted	**R0220**								
Gross - Non-proportional reinsurance accepted	**R0230**								
Reinsurers' share	**R0240**								309
Net	**R0300**								1,309
Claims incurred									
Gross - Direct Business	**R0310**								1,818
Gross - Proportional reinsurance accepted	**R0320**								
Gross - Non-proportional reinsurance accepted	**R0330**								
Reinsurers' share	**R0340**								78
Net	**R0400**								1,739
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**								1,000
Other expenses	**R1200**								
Total expenses	**R1300**								1,000

Annex I
S.05.01.02
Premiums, claims and expenses by line of business

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

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		GB					
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	**R0110**		1,618					1,618
Gross - Proportional reinsurance accepted	**R0120**							
Gross - Non-proportional reinsurance accepted	**R0130**							
Reinsurers' share	**R0140**		309					309
Net	**R0200**		1,309					1,309
Premiums earned								
Gross - Direct Business	**R0210**		1,618					1,618
Gross - Proportional reinsurance accepted	**R0220**							-
Gross - Non-proportional reinsurance accepted	**R0230**							-
Reinsurers' share	**R0240**		309					309
Net	**R0300**		1,309					1,309
Claims incurred								
Gross - Direct Business	**R0310**		1,818					1,818
Gross - Proportional reinsurance accepted	**R0320**							-
Gross - Non-proportional reinsurance accepted	**R0330**							-
Reinsurers' share	**R0340**		78					78
Net	**R0400**		1,739					1,739
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**		1,000					1,000
Other expenses	**R1200**							
Total expenses	**R1300**							1,000

Annex I
S.05.02.01
Premiums, claims and expenses by country

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

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									
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				3,004				5,295	
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240				499				37	
Net Best Estimate of Claims Provisions	R0250				2,505				5,258	
Total Best estimate - gross	R0260				3,004				5,295	
Total Best estimate - net	R0270				2,505				5,258	
Risk margin	R0280				75				614	
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								
		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				3,078				5,908	
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330				499				37	
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340				2,580				5,871	

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								8,298
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240								535
Net Best Estimate of Claims Provisions	R0250								7,763
Total Best estimate - gross	R0260								8,298
Total Best estimate - net	R0270								7,763
Risk margin	R0280								688
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**								8,987
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**								535
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**								8,451

Annex I
S.19.01.21
Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	**Z0010**	2

Gross Claims Paid (non-cumulative)

		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**											41	**R0100**	41	41
N-9	**R0160**	723	659	270	311	145	531	-4	10	81	11		**R0160**	11	2,738
N-8	**R0170**	411	757	264	208	95	92	57	87	4			**R0170**	4	1,974
N-7	**R0180**	310	1096	332	1179	217	982	172	-70				**R0180**	-70	4,218
N-6	**R0190**	424	825	371	158	439	107	56					**R0190**	56	2,379
N-5	**R0200**	333	530	328	252	225	33						**R0200**	33	1,701
N-4	**R0210**	385	801	226	170	116							**R0210**	116	1,699
N-3	**R0220**	408	503	234	91								**R0220**	91	1,236
N-2	**R0230**	464	563	254									**R0230**	254	1,281
N-1	**R0240**	425	1225										**R0240**	1225	1,650
N	**R0250**	202											**R0250**	202	202
													Total **R0260**	1,961	19118

Annex I
S.19.01.21
Non-life Insurance Claims Information

Gross undiscounted Best Estimate Claims Provisions

		Development year											
	Year	0	1	2	3	4	5	6	7	8	9	10 & +	Year end (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
Prior	R0100											237	1404
N-9	R0160								394	300	43		235
N-8	R0170							378	284	34			215
N-7	R0180						582	272	97				267
N-6	R0190					734	538	201					356
N-5	R0200				607	348	38						184
N-4	R0210			876	921	804							929
N-3	R0220		1241	671	483								603
N-2	R0230	2820	2013	1405									1530
N-1	R0240	2925	1309										1839
N	R0250	747											738
												Total	R0260 8298

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	600	600			
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	34,179	34,179			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160	-				-
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	34,779	34,779	-	-	-
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					

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**	34,779	34,779			-
Total available own funds to meet the MCR	**R0510**	34,779	34,779			
Total eligible own funds to meet the SCR	**R0540**	34,779	34,779			-
Total eligible own funds to meet the MCR	**R0550**	34,779	34,779			
SCR	**R0580**	5,505				
MCR	**R0600**	3,237				
Ratio of Eligible own funds to SCR	**R0620**	632%				
Ratio of Eligible own funds to MCR	**R0640**	1074%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	34,779
Own shares (held directly and indirectly)	**R0710**	
Foreseeable dividends, distributions and charges	**R0720**	
Other basic own fund items	**R0730**	600
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	
Reconciliation reserve	**R0760**	34,179
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**	-

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	4,057		
Counterparty default risk	R0020	465		
Life underwriting risk	R0030			
Health underwriting risk	R0040			
Non-life underwriting risk	R0050	2,154		
Diversification	R0060	- 1,420		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	5,256		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	249
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	5,505
Capital add-on already set	R0210	
Solvency capital requirement	R0220	5,505
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	889

		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	2,505	1,006
Other motor insurance and proportional reinsurance	R0060		
Marine, aviation and transport insurance and proportional reinsurance	R0070		
Fire and other damage to property insurance and proportional reinsurance	R0080		
General liability insurance and proportional reinsurance	R0090	5,258	303
Credit and suretyship insurance and proportional reinsurance	R0100		
Legal expenses insurance and proportional reinsurance	R0110		
Assistance and proportional reinsurance	R0120		
Miscellaneous financial loss insurance and proportional reinsurance	R0130		
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150		
Non-proportional marine, aviation and transport reinsurance	R0160		
Non-proportional property reinsurance	R0170		

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_{L} Result	R0200	

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

Overall MCR calculation

		C0070
Linear MCR	R0300	889
SCR	R0310	5,505
MCR cap	R0320	2,477
MCR floor	R0330	1,376
Combined MCR	R0340	1,376
Absolute floor of the MCR	R0350	3,237
		C0070
Minimum Capital Requirement	R0400	3,237