The Baxendale Insurance DAC

Solvency & Financial Condition Report (SFCR)

30 September, 2019

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INTRODUCTION

The Baxendale Insurance Company DAC (the "Company" or "Baxendale") has prepared the below Solvency and Financial Condition Report in accordance with the regulations set out in Articles 292 – 297 of the Solvency II Delegated Acts together with the Guidelines on reporting and public disclosure issued by EIOPA.

SUMMARY

This Report refers to the business of The Baxendale Insurance Company DAC, an insurance company 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 30 September 2019.

The Board has identified the key risks to which Baxendale 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 Baxendale 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 three-year business planning period. The results of this exercise are used to better inform decision making within the Company.

As at 30 September 2019, the Company had eligible own funds of GBP 6,286,595 (2018: GBP 6,809,184) available to meet its Solvency Capital Requirement (SCR) of GBP 2,780,764 (2018: 3,039,989); this results in a Solvency Ratio of 226% (2018: 224%) 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 noncompliance with the capital requirements during the period.

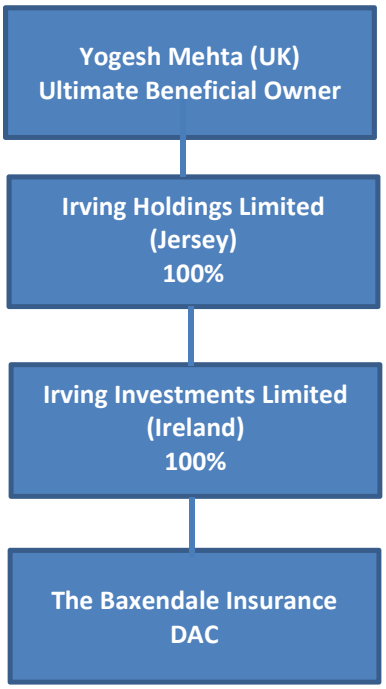
During the period, there were no material changes to the Company's business/performance, system of governance, risk profile, valuation for solvency purposes or capital management.

A. BUSINESS & PERFORMANCE

A.1 Business

The Company domiciled in Dublin, Ireland is licenced as an insurance undertaking subject to supervision by the Central Bank of Ireland.

The Company's ownership structure is as follows:



The Company provides a range of insurance covers to the customers of Pickfords Move Management Limited (formerly Moving Services Group UK Limited), Pickfords BV, Excess International Movers Limited, Pickfords Move Management AB (Sweden), and Anglo Pacific International plc in respect of Domestic and International transit risks. In addition, and as an internal Group arrangement, the Company underwrites a Customer Advance Payment Guarantee for PMML together with a deductible reimbursement guarantee in respect of the Group Property / BI policy. The Company is managed by Aon Insurance Managers (Dublin) Limited, under the terms of a management agreement.

The Company was incorporated on 18 March 1997 and commenced underwriting business for the policy period commencing October 1997.

The Company is licensed by the Central Bank of Ireland as an insurance undertaking and is subject to the local regulatory requirements in Ireland within which it operates. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions, for example capital adequacy to minimize the risk of default and insolvency on the part of the Company to meet unforeseen liabilities as they arise. The Company strives to ensure compliance with all relevant Irish laws and regulations.

The Company has one employee.

The Company's external auditor is Deloitte Ireland LLP, which is located at Earlsfort Terrace, Dublin 2.

The insurance supervision division at the CBI may be contacted at their offices in New Wapping Street, North Wall Quay, Dublin 1, Ireland.

In respect of relevant quantitative information for this report please see the Annual QRT extract in Appendix 1.

A.2 Underwriting Performance

The principal risks and uncertainties that the Company faces are, by the very nature of the business, those for which it provides or has provided insurance cover. The Company seeks to ensure that it collects sufficient premium income to meet the cost of potential claims over time and the directors adopt a prudent approach to the provision and valuation of adequate insurance reserves. The risk under the insurance contracts between the Company and the insured group companies, is that insured events occur and the uncertainty of the amount of the resulting claim(s). By the very nature of an insurance contract, this risk is random and therefore unpredictable. The Company manages these risks through its underwriting strategy, and having adequate reinsurance arrangements in place. The Company also monitors emerging issues. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures, including carrying out an annual claims audit to ensure the insured is complying with all procedures as documented in the insurance contracts and validating claims made to the Company by the insured.

Premiums written relate to business incepted during the financial year. Provision is made for all notified losses. Provisions are calculated gross of any reinsurance recoveries with a separate estimate being made of amounts recoverable from reinsurers.

Profit before tax for the period ended 30 September 2019 amounted to £2,906K (2018: £2,937K). Gross Written Premium for the period amounted to £5,569K (2018: £6,559K). Gross Claims Paid during the period amounted to £880K (2018: £1,227K). The Company held Gross Claims provisions of £639K (2018: £797K) and Net Claims provisions of £639K (2018: £797K). Net Operating Expenses for the year amounted to £1,866K (2018: £2,179K).

A.3 Investment Performance

The Company allocates its investment portfolio in cash and short-term deposits.

Investment Income in the period was £40K (2018: £25K) and was earned in the year.

A.4 Other Information

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

In respect of relevant quantitative information for this report please see the Annual QRT extract in Appendix 1.

B. SYSTEM OF GOVERNANCE

B.1 General Information on the System of Governance

In aiming to meet the requirements for sound corporate governance, ensuring 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, in full compliance with the Corporate Governance Requirements for Insurance Undertakings 2015 and Solvency II.

It is the responsibility of the Board of Directors to ensure that risks are fully understood and appropriately managed in accordance with this framework. Risk Management, reporting and auditing processes reflect the requirements set out in this Governance Manual.

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 escalating and reporting channels.

2) Risk Management System 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 since the prior reporting period. The Company implemented the above framework 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:

	Mr. Paul Gallen Mr. Aidan Pyke	
1st line of defence **Risk and control embedded in the business** Primary accountability within the context of day-to-day operations. The first line of defence ensures that operations are carried out correctly and that risk exposures are managed, controlled and reported in accordance with the risk appetite and risk policies set out by the board.	**2nd line of defence** **The oversight functions** The 2nd line is in charge of defining, developing, implementing and maintaining risk frameworks, policies and procedures. It defines the business guidelines and oversees the operations. It monitors and ensures that operations, policies and strategies are adequately aligned.	**3rd line of defence** **Provides independent assurance** The 3rd line challenges the design and effectiveness of risk management, compliance, control and governance processes. In order to achieve the necessary independence and objectivity, Internal Audit is an independent function that reports directly to the Board.

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. The Company engages PMML, PMM BV, EIM, PMM Sweden and Anglo Pacific for the provision of promotional material documentation and sale of Transit and Storage insurance. These group operating companies and Baxendale also engage Centry Services Ltd (a group company) for the provision of claims handling and administrative services. These arrangements are governed by outsourced agency and service agreements all overseen by the Board of Directors.

Remuneration and material transactions

The members of the Board of Directors receive remuneration for their services as directors to the Company. There is one employee being the General Manager.

Other than transactions which arise in the normal course of business, the Company had no other material transactions during the reporting period with members of the shareholder group and none with members of the Board of Directors.

B.2 Fit & Proper requirement

Baxendale 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.

A summary of those persons responsible for the key functions is outlined below:

Key Roles	Outsourcing	Responsible
Board of Directors	No	Mr. Gerard Fagan (Chairperson) Mr. Eamonn Brennan Mr. Paul Gallen Mr. Aidan Pyke Ms. Margaret Sloan
Risk Management Function	Yes (External)	Head of Risk Management Function- Aon Insurance Managers (Dublin) Limited Risk Committee - Chair Ms. Margaret Sloan
Compliance Function	Yes	Head of Compliance: Mr. Eamonn Brennan Aon Insurance Managers (Dublin) Limited
Operations - Claims Management	Yes (External)	Centry Services Limited
Operations - Underwriting	Yes (External)	Group operating companies

Operations - Finance and Accounting	Yes (External)	Aon Insurance Managers (Dublin) Limited
Operations – Investment	Yes (External)	Aon Insurance Managers (Dublin) Limited
Operations – Administration	Yes (External)	Aon Insurance Managers (Dublin) Limited Mr. Eamonn Brennan
Internal Audit Function	Yes (External)	Head of Internal Audit Function - Mazars
Actuarial Function	Yes (External)	Head of Actuarial Function: Mr. Robert Record - Aon Global Risk Consulting
Risk Committee	No	Ms. Margaret Sloan (Chairperson) Mr. Gerard Fagan Mr. Eamonn Brennan Mr. Paul Gallen Mr. Aidan Pyke
Audit Committee	No	Mr. Paul Gallen (Chairperson) Mr. Gerard Fagan Mr. Eamonn Brennan Ms. Margaret Sloan Mr. Aidan Pyke

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 policies, an outsourcing policy defining the key rules and criteria to be respected by a service provider has been determined. Information as to how the Company invests its assets in accordance with the prudent person principle is provided in Section C2 below.

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. 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 will bring 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.	Will provide 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.	Will provide 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 the SCR under Pillar I.	Will gather 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 decision-making and business planning process. Furthermore, monitoring procedures as set out in the risk management policies ensures that risk exposures are measured on a regular basis triggering exception reports for the Board.

The capital risk appetite for Baxendale 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 Baxendale 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 and procedures 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 present manual.
2) Risk assessment	Procedures and policies are detailed and formalized 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 to Company to continuously monitor and adapt when necessary its Internal Control System.
5) Control activities	The Company developed a comprehensive set of preventive, detective or corrective control actions embedded in its daily operations, as formalized hereafter.

Detailed Processes and Embedded Control Activities

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 minimum once a year.

As described each of the aforementioned macro-process is detailed in key processes and workflow processes aimed at describing how the tasks and actions composing the given process are shared between the key functions of the Company and at clarifying related roles, responsibilities and embedded control activities.

Compliance Function

The Company has a dedicated Head of Compliance reporting directly into the Board of Directors.

The mission of the Compliance Function is:

Assisting in ensuring the long-term sustainability of the Company through the effective identification, qualification and management of compliance risks faced by the business.

- The Compliance Function is an integral component part of the internal control system of the
- Company and is responsible for compliance with the internal control system. The elements of the internal control system are laid out in the Corporate Governance Framework document.
- The Compliance Function will identify and communicate throughout the Company the laws, regulations and codes of conduct to which the Company is subject. The Compliance Function will seek to embed compliance with these laws, regulations and codes of conduct in the way the Company does business.
- The Compliance Function will maintain a comprehensive compliance risk management control and reporting system in conjunction with the Risk Management Function to assist in managing the Compliance Risk faced by the Company.
- Any violation of relevant law by the Company will be investigated and followed up by the Compliance Function and reported to the Board, and in certain circumstances to outside bodies such as the Central Bank of Ireland.
- The Compliance Function will consider possible future changes in the legal environment and their potential effect on the Company.
- The Compliance Function will present an annual Compliance Plan, outlining specific areas which it will focus on during a particular year.

- Finally, the Compliance Function will promote a culture of compliance throughout the Company.

The Company has a Compliance Charter and Compliance Plan in place for the year 2018/19 which was reviewed and approved during the year.

B.5 Internal Audit Function

Purpose & Objectives

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

It assists the Company accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of the 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 Audit Committee and Board of Directors.

Independence and Impartiality

The Company's Internal Audit Function must be independent of the activities audited and must also be independent from 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 of the Internal Audit Function entails that the Internal Audit Function operates under the direct control of 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:

- review of the calculation of technical provisions;
- ensuring the appropriateness of the methodologies 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 Baxendale'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. Baxendale 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 insurance company.

The following critical or important functions / activities are outsourced:

Critical or important function	Outsourced Service Provider	Jurisdiction
Underwriting administration	Group operating companies	United Kingdom, Sweden, Netherlands
Claims handling and administration	Centry Services Limited (Centry)	United Kingdom
Finance and accounting	Aon Insurance Managers (Dublin) Limited (AIMD)	Ireland
Actuarial Function	Aon Global Risk Consulting	United Kingdom
Internal Audit Function	Mazars	Ireland

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.

To the best of the Board's knowledge, there are no other material items to report in this section.

In respect of relevant quantitative information for this report please see the Annual QRT extract in Appendix 1.

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 shareholder;
- 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

The Company underwrites 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 seeks to ensure that it collects 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 significant variation in the Company's performance in the short term. Whilst considerable judgment is involved, the Directors ensure that suitable processes are in place to ensure the reliability, sufficiency and adequacy of both the statistical and accounting data to be considered in the loss reserve estimation and recording process and to detail the Company's approach to the calculation of Technical Provisions.

Annual support and certification is provided by the Actuarial Function. There have been no material changes to underwriting risk during the reporting period.

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 Gross and Net claims reserves and Profit before Tax (PBT) for the financial period is shown below:

	Impact on gross claims reserve		Impact on net claims reserve		Impact on PBT for the year
	£		£		£
2019					
Increase in ULRs by 10%	702,637		702,637		702,637
Decrease in ULRs by 10%	574,885		574,885		574,885
2018					
Increase in ULRs by 10%	877,726		877,726		877,726
Decrease in ULRs by 10%	718,140		718,140		718,140

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.

Baxendale 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 and deposits with credit institutions.

The Company's reporting currency is British Pounds (GBP). Its transactions are mainly carried out in GBP except for general and administrative expenses in Euro. The Company has minor exposures to currency risk to the extent that the majority of its assets and liabilities are denominated in GBP.

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
- Deposits with credit institutions

The Company utilises custodians deemed to be of high credit quality to hold its cash and cash equivalents and deposits with credit institutions.

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 a panel of 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.

There has been no material change to credit risk during the reporting period.

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.

There has been no material change to liquidity risk during the reporting period.

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 has 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, Baxendale is subject to Internal and External Audit review.

Baxendale 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, Baxendale puts in place service level agreements outlining key performance indicators against which its outsourced service providers can be monitored and assessed.

There has been no material change to operational risk during the reporting period.

C.6 Other Material Risk

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.

There has been no material change to strategic risk during the reporting period.

The control and monitoring actions/principles underlying the strategic Risk Management of the Company are:

- Review at least annually 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.
- Ensure the Company Strategy is implemented correctly including approval, review and, monitoring of agreed Key Performance Indicators for the Company.
- Ensure all plans are regularly reviewed to ensure that Risk Tolerances are not exceeded individually or in total.

No other material risks have been identified.

Any other information

To the best of the Board's knowledge, there are no other material items to report in this section.

D. VALUATION FOR SOLVENCY PURPOSES

D.1 Assets

The financial statements have been prepared in compliance with Financial Reporting Standards ("FRS") 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and FRS 103 Insurance contracts, being applicable UK and Irish GAAP accounting standards, and in accordance with the Companies Act 2014 and the European Union (Insurance Undertakings: Financial Statements) Regulations 2015.

At the end of the current reporting period Baxendale had total assets valued at GBP 7,524k (2018: GBP 6,975k) for Solvency II purposes. This total comprises the following categories of assets:

- Deposits with credit institutions GBP 6,286k (2018: GBP 5,646k)

  This amount represents short term deposits with an original maturity of six 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 (11k) (2018: GBP (11k))
  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 1,222k (2018: GBP 1,314k)

  Cash and cash equivalents comprise current and call accounts held with Bank of Ireland. Carrying amounts approximate fair value due to the liquid nature of the assets. There are no valuation adjustments for solvency purposes.

- Receivables (trade, not insurance) GBP 27k (2018: 18k)

  Receivables (trade, not insurance) comprise of tax receivable and intercompany receivable. There are no valuation adjustments for solvency purposes.

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 Baxendale by line of business at years ending 30 September 2019 and 30 September 2018, gross and net of reinsurance, are set out below in GBP:

30 September 2019:

Solvency II gross technical provisions

SII class	Claims Provision	Premium Provision	Best Estimate	Risk Margin	Technical Provisions
MAT	346k	15k	361k	17k	377k
Fire	1k	-	1	0	1
Total	**347k**	**15k**	**362k**	**17k**	**379k**

Solvency II net technical provisions

SII class	Claims Provision	Premium Provision	Best Estimate	Risk Margin	Technical Provisions
MAT	346k	25k	371k	17k	388k
Fire	1k	-	1	0	1
Total	**347k**	**25k**	**372k**	**17k**	**389k**

30 September 2018:

Solvency II gross technical provisions

SII class	Claims Provision	Premium Provision	Best Estimate	Risk Margin	Technical Provisions
MAT	54k	(5k)	48k	9k	57k
Fire	1k	-	1	0	2
Total	**55k**	**(5k)**	**50k**	**9k**	**59k**

Solvency II net technical provisions

SII class	Claims Provision	Premium Provision	Best Estimate	Risk Margin	Technical Provisions
MAT	53k	5k	59k	9k	68k
Fire	1k	-	1	0	2
Total	**55k**	**5k**	**60k**	**9k**	**69k**

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).

Provisions are calculated gross of any reinsurance recoveries. Reinsurance recoveries are recorded based on actual amount of expected recoveries. 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 amounts claimed by customers information on the cost of settling claims in previous periods. IBNR provisions are established based on historical actual claims settlement.

Solvency II requires undertakings to hold technical provisions which correspond to the amount they would have to pay to transfer their 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 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.

Baxendale's contracts are very short-term so the amount of Bound But Not Incepted ('BBNI') premiums at any point in time would be very minimal. The actuaries have assumed that there are zero BBNI inwards insurance premiums at the valuation date. The reinsurance contract is an annual contract that requires 30 days' notice prior to cancellation, the actuaries have allowed for one month's BBNI reinsurance premium at the valuation date. The assumption has a relatively small impact on the total SCR because the reinsurance premium is minimal.

Estimates are "best estimates" in the sense that they are intended to be a probability-weighted average of all possible outcomes. Baxendale 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 Baxendale would be required to pay, in excess of the best estimate of the liabilities, for a third party to assume the risk of running of 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 30 September 2019 are shown below:

	Gross	**Reinsurer's share**	**Net**
	GBP'000	**GBP'000**	**GBP'000**
Claims provisions on financial statement basis	**810**	**0**	**810**
Inclusion of unpaid claims and premiums from the balance sheet	234	-	234
Adjustment to Reserves and UPR to best estimate and the inclusion of profit on bound unincepted exposures	(140)	1	(141)
Inclusion of future premium inwards	(578)	-	(578)
Inclusion of future premium outwards	-	(12)	(12)
Provision of Solvency II expenses	34	-	34
Allowance for ENID	3		3
Discounting of cashflows	(1)	-	(1)
Risk Margin	17		17
Solvency II Technical Provisions	**379**	**(11)**	**389**

The Company has made a tax adjustment to allow for the loss absorbing capacity of deferred taxes. This adjustment allows for the change in the Solvency II balance sheet that would result from an instantaneous loss equal to the sum of the Basic SCR and the Operational charge. The Company recorded a deferred tax liability of GBP 5k (2018: GBP 8k) under Solvency II valuation.

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 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, Baxendale 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 154k (2018: GBP 98k) are classified as payables for solvency purposes being accrued expenses. This amount is GBP 1k lower than that disclosed in the financial statements due to the application of discounting to the accruals balance.

D.4 Alternative Methods for Valuation

No alternative methods were used.

D.5 Any Other Information

To the best of the Board's knowledge, 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;
- Share Premium; 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:

	2019 GBP'000	**2018 GBP'000**
Ordinary paid up share capital	2,150	2,150
Share premium	46	46
Reconciliation reserve	4,091	4,613
Total Tier 1 capital	6,287	6,809
Net deferred tax asset – Tier 3 capital	-	-
Total basic own funds	6,287	6,809

The movement in basic own funds during the reporting period reflects the profitability of the Company during the period. 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 6,287k (2018: GBP 6,809k), comprised of entirely of Tier 1 capital, all of which are eligible to meet the Company's MCR.

The equity position as shown in the Company's 2019 year-end financial statements can be reconciled to the basic own funds balance under Solvency II as follows:

	2019 GBP'000
Equity per the Company's financial statements	**6,954**
Adjustments to technical provisions and reinsurance recoverables	421
Removal of insurance debtors and creditors	(344)
Recognition of deferred tax liabilities	(5)
Discounting of accrued expenses	1
Removal of deferred acquisition cost	(40)
Allowance for foreseeable dividend	(700)
Own funds (excess of assets over liabilities for solvency purposes)	**6,287**

Adjustments are made to technical provisions in line with the valuation methodologies set out in section D.2 above. In addition, Baxendale's debtor/creditor items relating to unpaid premium/claim balances are included within the technical provision calculation, given that they are all within credit terms. Accrued liabilities have been discounted. These adjustments are reflected in the Company's reconciliation reserve. A deferred tax liability is recognised due to the increase in available capital between the financial statements and the regulatory own funds. Allowance for a dividend declared post year-end is included in the Solvency II Own Funds calculation.

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

E.2 Solvency Capital Requirement & Minimum Capital Requirement

At the end of the current reporting period, Baxendale's SCR and MCR have been calculated as GBP 2,780,764 (2018: GBP 3,039,989) and GBP 2,214,325 (2018: GBP 2,202,548).

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 2019/2020. Based on the Company's eligible own funds of GBP 6,286,595 (2018: GBP 6,805,770) the Company has a solvency ratio at 30 September 2019 of 226% (2018: 224%).

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:

SCR Results comparison (£'000) Risk charge	**30-Sep-19**	**30-Sep-18**
Premium/Reserve Risk	2,499	2,877
Catastrophe Risk	32	32
Lapse Risk	51	63
Diversification Benefit	(75)	(87)
Non-Life Underwriting Risk	**2,508**	**2,886**
Counterparty Default Risk	**280**	**216**
Interest Rate Risk	5	6
Spread Risk	82	73
Currency FX Risk	2	23
Concentration Risk	873	750
Diversification Benefit	(85)	(97)
Market Risk	**876**	**755**
	(654)	(580)
Diversification Benefit		
BSCR	**3,010**	**3,277**
Operational Risk	168	197
Tax Adjustments	(397)	(434)
SCR (Solvency Capital Requirement)	**2,781**	**3,040**
Available Capital	6,287	6,809
Surplus/Deficit	**3,506**	**3,769**

The movement on the SCR from the prior year is mainly driven by the non-life underwriting risk module which is mainly due to reduction in premium reported by the Company during the year compared to previous year. The asset profile of the Company has changed, with an increase in deposits with credit institutions of £640k, resulting in a higher concentration risk charge under the market risk module.

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 Baxendale, as a non-life insurer not writing liability business, this absolute floor is EUR 2,500,000. Having carried out the calculations and applied the relevant limits, the resultant MCR for the Company is GBP2,214,325 (2018: GBP 2,227,548), (equivalent to 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 Model in calculation of the SCR

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

E.4 Differences between the Standard Model & Any Internal Model used

The Company used the Standard Model in determining the SCR and MCR and did not rely on any internal model.

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

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

E.6 Any Other Information

To the best of the Board's knowledge, there is no other information to report.

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

S.23.01.01 - Own funds

S.25.01.21 - SCR using standard formula

S.28.01.01 - MCR

S.02.01.02 - Balance Sheet (In thousands of GBP)

		C0010
		Solvency II value
Assets		
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	6,286
R0080	Property (other than for own use)	
R0090	Holdings in related undertakings, including participations	
R0100	Equities	0
R0110	Equities - listed	
R0120	Equities - unlisted	
R0130	Bonds	0
R0140	Government Bonds	
R0150	Corporate Bonds	
R0160	Structured notes	
R0170	Collateralised securities	
R0180	Collective Investments Undertakings	
R0190	Derivatives	
R0200	Deposits other than cash equivalents	6,286
R0210	Other investments	
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	Loans on policies	
R0250	Loans and mortgages to individuals	
R0260	Other loans and mortgages	
R0270	Reinsurance recoverables from:	-11
R0280	Non-life and health similar to non-life	-11
R0290	Non-life excluding health	-11
R0300	Health similar to non-life	
R0310	Life and health similar to life, excluding health and index-linked and unit-linked	0
R0320	Health similar to life	
R0330	Life excluding health and index-linked and unit-linked	
R0340	Life index-linked and unit-linked	
R0350	Deposits to cedants	
R0360	Insurance and intermediaries receivables	
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	27
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	
R0410	Cash and cash equivalents	1,222
R0420	Any other assets, not elsewhere shown	
R0500	**Total assets**	7,524

S.02.01.02 - Balance Sheet (In thousands of GBP)

		C0010
		Solvency II value
Liabilities		
R0510	Technical provisions – non-life	379
R0520	Technical provisions – non-life (excluding health)	379
R0530	Technical provisions calculated as a whole	
R0540	Best Estimate	362
R0550	Risk margin	17
R0560	Technical provisions - health (similar to non-life)	0
R0570	Technical provisions calculated as a whole	
R0580	Best Estimate	
R0590	Risk margin	
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	Technical provisions - health (similar to life)	0
R0620	Technical provisions calculated as a whole	
R0630	Best Estimate	
R0640	Risk margin	
R0650	Technical provisions – life (excluding health and index-linked and unit-linked)	0
R0660	Technical provisions calculated as a whole	
R0670	Best Estimate	
R0680	Risk margin	
R0690	Technical provisions – index-linked and unit-linked	0
R0700	Technical provisions calculated as a whole	
R0710	Best Estimate	
R0720	Risk margin	
R0730	Other technical provisions	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	5
R0790	Derivatives	
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	
R0830	Reinsurance payables	
R0840	Payables (trade, not insurance)	
R0850	Subordinated liabilities	0
R0860	Subordinated liabilities not in Basic Own Funds	
R0870	Subordinated liabilities in Basic Own Funds	
R0880	Any other liabilities, not elsewhere shown	154
R0900	Total liabilities	538
R1000	**Excess of assets over liabilities**	6,987

S.05.01.02 - Premiums, claims and expenses (In thousands of GBP)

		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						5,513	40		
Gross - Prop reinsurance accepted	R0120									
Gross - Non-Prop reinsurance accepted	R0130									
Reinsurers' share	R0140						129	1		
Net	R0200	0	0	0	0	0	5,385	39	0	0
Premiums earned										
Gross - Direct Business	R0210						5,553	40		
Gross - Prop reinsurance accepted	R0220									
Gross - Non-Prop reinsurance accepted	R0230									
Reinsurers' share	R0240						129	1		
Net	R0300	0	0	0	0	0	5,424	39	0	0
Claims incurred										
Gross - Direct Business	R0310						657	-0		
Gross - Prop reinsurance accepted	R0320									
Gross - Non-Prop reinsurance accepted	R0330									
Reinsurers' share	R0340									
Net	R0400	0	0	0	0	0	657	-0	0	0
Changes in other technical provisions										
Gross - Direct Business	R0410									
Gross - Prop reinsurance accepted	R0420									
Gross - Non-Prop reinsurance accepted	R0430									
Reinsurers' share	R0440									
Net	R0500	0	0	0	0	0	0	0	0	0
Expenses incurred	R0550						1,947	9		
Other expenses	R1200									
Total expenses	R1300									

S.05.01.02 - Premiums, claims and expenses (In thousands of GBP)

		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			16					5,569
Gross - Prop reinsurance accepted	R0120								0
Gross - Non-Prop reinsurance accepted	R0130								0
Reinsurers' share	R0140								129
Net	R0200	0	0	16	0	0	0	0	5,440
Premiums earned									
Gross - Direct Business	R0210			16					5,609
Gross - Prop reinsurance accepted	R0220								0
Gross - Non-Prop reinsurance accepted	R0230								0
Reinsurers' share	R0240								129
Net	R0300	0	0	16	0	0	0	0	5,480
Claims incurred									
Gross - Direct Business	R0310								657
Gross - Prop reinsurance accepted	R0320								0
Gross - Non-Prop reinsurance accepted	R0330								0
Reinsurers' share	R0340								0
Net	R0400	0	0	0	0	0	0	0	657
Changes in other technical provisions									
Gross - Direct Business	R0410								0
Gross - Prop reinsurance accepted	R0420								0
Gross - Non-Prop reinsurance accepted	R0430								0
Reinsurers' share	R0440								0
Net	R0500	0	0	0	0	0	0	0	0
Expenses incurred	R0550			1					1,957
Other expenses	R1200								
Total expenses	R1300								1,957

S.05.01.02 - Premiums, claims and expenses (In thousands of GBP)

		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									0
Reinsurers' share	R1420									0
Net	R1500	0	0	0	0	0	0	0	0	0
Premiums earned										
Gross	R1510									0
Reinsurers' share	R1520									0
Net	R1600	0	0	0	0	0	0	0	0	0
Claims incurred										
Gross	R1610									0
Reinsurers' share	R1620									0
Net	R1700	0	0	0	0	0	0	0	0	0
Changes in other technical provisions										
Gross	R1710									0
Reinsurers' share	R1720									0
Net	R1800	0	0	0	0	0	0	0	0	0
Expenses incurred	R1900									0
Other expenses	R2500									
Total expenses	R2600									0

S.05.02.01 - Premiums, claims and expenses by country (In thousands of GBP)

		Home country	Country (by amount of GWP)					Total for top 5 countries and home country
			GB	SE	NL			
		C0080	C0090	C0090	C0090	C0090	C0090	C0140
Premiums written								
Gross - Direct Business	R0110		5,529	37	3			5,569
Gross - Proportional reinsurance accepted	R0120							0
Gross - Non-proportional reinsurance accepted	R0130							0
Reinsurers' share	R0140		128	1	0			129
Net	R0200	0	5,401	36	3	0	0	5,440
Premiums earned								
Gross - Direct Business	R0210		5,569	37	3			5,609
Gross - Proportional reinsurance accepted	R0220							0
Gross - Non-proportional reinsurance accepted	R0230							0
Reinsurers' share	R0240		128	1	0			129
Net	R0300	0	5,441	36	3	0	0	5,480
Claims incurred								
Gross - Direct Business	R0310		674	-21	4			657
Gross - Proportional reinsurance accepted	R0320							0
Gross - Non-proportional reinsurance accepted	R0330							0
Reinsurers' share	R0340							0
Net	R0400	0	674	-21	4	0	0	657
Changes in other technical provisions								
Gross - Direct Business	R0410							0
Gross - Proportional reinsurance accepted	R0420							0
Gross - Non-proportional reinsurance accepted	R0430							0
Reinsurers' share	R0440							0
Net	R0500	0	0	0	0	0	0	0
Expenses incurred	R0550		1,944	12	1			1,957
Other expenses	R1200							
Total expenses	R1300							1,957

S.17.01.02 - Non Life technical provisions (In thousands of GBP)

		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	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130
Technical provisions calculated as a whole	R0010												
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050												
Technical provisions calculated as a sum of BE and RM													
Best estimate													
Premium provisions													
Gross	R0060						15						
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140						-11	-0					
Net Best Estimate of Premium Provisions	R0150	0	0	0	0	0	25	0	0	0	0	0	0
Claims provisions													
Gross	R0160						346	1					
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240						0						
Net Best Estimate of Claims Provisions	R0250	0	0	0	0	0	346	1	0	0	0	0	0
Total Best estimate - gross	R0260	0	0	0	0	0	361	1	0	0	0	0	0
Total Best estimate - net	R0270	0	0	0	0	0	371	1	0	0	0	0	0
Risk margin	R0280						17	0					
Amount of the transitional on Technical Provisions													
Technical Provisions calculated as a whole	R0290												
Best estimate	R0300												
Risk margin	R0310												
Technical provisions - total													
Technical provisions - total	R0320	0	0	0	0	0	377	1	0	0	0	0	0
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0	0	0	0	0	-11	-0	0	0	0	0	0
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	0	0	0	0	0	388	1	0	0	0	0	0

S.17.01.02 - Non Life technical provisions (In thousands of GBP)

		Accepted non-proportional reinsurance				TOTAL
		Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010					0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050					0
Technical provisions calculated as a sum of BE and RM						
Best estimate						
Premium provisions						
Gross	R0060					15
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140					-11
Net Best Estimate of Premium Provisions	R0150	0	0	0	0	25
Claims provisions						
Gross	R0160					347
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240					0
Net Best Estimate of Claims Provisions	R0250	0	0	0	0	347
Total Best estimate - gross	R0260	0	0	0	0	362
Total Best estimate - net	R0270	0	0	0	0	372
Risk margin	R0280					17
Amount of the transitional on Technical Provisions						
Technical Provisions calculated as a whole	R0290					0
Best estimate	R0300					0
Risk margin	R0310					0
Technical provisions - total						
Technical provisions - total	R0320	0	0	0	0	379
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0	0	0	0	-11
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	0	0	0	0	389

S.19.01.21 - Claim development triangles (In thousands of GBP)

Gross Claims Paid (non cumulative absolute amount)

		0	1	2	3	4	5	6	7	8	9	10+	Current year	All years
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
Prior	R0100												0	0
N-9	R0160	1,807											0	1,807
N-8	R0170	1,527											0	1,527
N-7	R0180	1,329											0	1,329
N-6	R0190	1,234											0	1,234
N-5	R0200	1,239											0	1,239
N-4	R0210	1,511											0	1,511
N-3	R0220	1,287											0	1,287
N-2	R0230	1,126											0	1,126
N-1	R0240	1,158											0	1,158
N	R0250	816											816	816
	R0260											Total	816	13,034

Gross undiscounted Best Estimate Claims Provisions - Development year (non cumulative absolute amount)

		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												
N-9	R0160												
N-8	R0170												
N-7	R0180												
N-6	R0190												
N-5	R0200												
N-4	R0210												
N-3	R0220												
N-2	R0230	-15											
N-1	R0240	55											
N	R0250	348											347
	R0260											Total	347

S.23.01.01 - Own funds (In thousands of GBP)

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	2,150	2,150			
Share premium account related to ordinary share capital	R0030	46	46			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	0				
Subordinated mutual member accounts	R0050	0				
Surplus funds	R0070	0				
Preference shares	R0090	0				
Share premium account related to preference shares	R0110	0				
Reconciliation reserve	R0130	4,091	4,091			
Subordinated liabilities	R0140	0				
An amount equal to the value of net deferred tax assets	R0160	0				
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	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	6,287	6,287	0	0	0
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	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				
Unpaid and uncalled preference shares callable on demand	R0320	0				
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	0				
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	0				
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	0				
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	0				
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	0				
Other ancillary own funds	R0390	0				
Total ancillary own funds	R0400	0			0	0

S.23.01.01 - Own funds (In thousands of GBP)

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	6,287	6,287	0	0	0
Total available own funds to meet the MCR	R0510	6,287	6,287	0	0	
Total eligible own funds to meet the SCR	R0540	6,287	6,287	0	0	0
Total eligible own funds to meet the MCR	R0550	6,287	6,287	0	0	
SCR	R0580	2,781				
MCR	R0600	2,214				
Ratio of Eligible own funds to SCR	R0620	2.26074381				
Ratio of Eligible own funds to MCR	R0640	2.839057049				

Reconciliation reserve

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	6,987
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	700
Other basic own fund items	R0730	2,196
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	4,091
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	6
Total Expected profits included in future premiums (EPIFP)	R0790	6

S.25.01.21 - SCR using standard formula (In thousands of GBP)

Basic Solvency Capital Requirement

		Gross solvency capital requirement	USP	Simplifications
		C0040	C0090	C0100
Market risk	R0010	876		
Counterparty default risk	R0020	280		
Life underwriting risk	R0030			
Health underwriting risk	R0040			
Non-life underwriting risk	R0050	2,508		
Diversification	R0060	-654		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	3,010		

Calculation of Solvency Capital Requirement

		Value
		C0100
Operational risk	R0130	168
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	-397
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency Capital Requirement excluding capital add-on	R0200	2,781
Capital add-on already set	R0210	
Solvency capital requirement	R0220	2,781
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

S.28.01.01 - MCR (In thousands of GBP)

Linear formula component for non-life insurance and reinsurance obligations		MCR components
		C0010
MCRNL Result	R0010	797

Background information		Background information	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030		
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050		
Other motor insurance and proportional reinsurance	R0060		
Marine, aviation and transport insurance and proportional reinsurance	R0070	371	5,385
Fire and other damage to property insurance and proportional reinsurance	R0080	1	39
General liability insurance and proportional reinsurance	R0090		
Credit and suretyship insurance and proportional reinsurance	R0100		
Legal expenses insurance and proportional reinsurance	R0110		
Assistance and proportional reinsurance	R0120		
Miscellaneous financial loss insurance and proportional reinsurance	R0130		16
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
MCRL Result	R0200	0

Total capital at risk for all life (re)insurance obligations		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	797
SCR	R0310	2,781
MCR cap	R0320	1,251
MCR floor	R0330	695
Combined MCR	R0340	797
Absolute floor of the MCR	R0350	2,214
Minimum Capital Requirement	R0400	2,214