LLOYD'S

Lloyd's Insurance Company S.A. SFCR 2024

(Solvency and Financial Condition Report 2024)

www.lloydseurope.com

Contents

INTRODUCTION

This report is the Solvency and Financial Condition Report (SFCR) for Lloyd's Insurance Company SA (hereafter "LIC"), authorised and regulated by the National Bank of Belgium (NBB) and regulated by the Financial Services & Markets Authority (FSMA).

LIC's corporate strategy is to offer non-life insurance and reinsurance to policyholders throughout the EU and EEA. It does this through a network of EU/EEA authorised intermediaries or through the activities of its own underwriters.

This SFCR therefore gives an overview of the company as at 31 December 2024 through its:

- Business and Performance
- System of Governance
- Risk Profile
- Valuation for Solvency Purposes
- Capital Management

SUMMARY[1]

Lloyd's Insurance Company's (LIC's) Solvency and Financial Condition Report (SFCR) as at 31 December 2024 has been prepared in accordance with Article 51 of the Solvency II Directive (2009/138/EC), Articles 290 to 298 of the Commission Delegated Regulation (EU) 2015/35, and Commission Implementing Regulation (EU) 2023/895. All figures are presented in EUR 000's (kEUR) unless otherwise stated.

Significant events

The important events that occurred during the reporting period are:

- A settlement with the FSMA
- Rescinding freedom of establishment in Lithuania and Malta
- Changes in governance structure
- Evolution of claims provisions related to the conflict in Ukraine

Underwriting performance

Premium in 2024 of 4,381,603 kEUR decreased from 2023 of 4,480,944 kEUR. During 2024 the company did not experience excessively large new claims or accumulations of claims, however deterioration on prior year events led to a gross combined ratio of 95%.

Investment performance

At the reporting date the Company's investments of 714,248 kEUR were held in 26% government bonds, 35% corporate bonds, 39% collective investment undertakings which includes both investment funds and money market funds. A net gain of 52,475 kEUR was achieved under Solvency II.

Risk profile

The Solvency Capital Requirement is calculated using the standard formula as stated in the Delegated Acts 2015/35. Owing to LIC's 100% reinsurance business model counterparty default risk is the largest contributor to the risk profile with a standalone risk charge of 196,697 kEUR, followed by market risk with 133,481 kEUR. The overall SCR for LIC is 355,336 kEUR.

Own funds and solvency ratio

As at 31 December 2024, the company has basic own funds of 601,973 kEUR with additional ancillary own funds of 200,000 kEUR made available through a letter of credit. This leads to available own funds of 801,973 kEUR, eligible own funds to cover the SCR of 766,311 kEUR, and a solvency coverage ratio of 216%.

Commercial objectives

LIC's commercial objectives are in pursuit of maintaining its position as one of the leading speciality insurers across the EEA. The overarching objective of LIC is to deepen its relevance and impact across the EEA. In this regard, LIC will look to grow sustainably, whilst maintaining profitably, and expand the volumes of business in Europe. In addition, LIC will continue to prioritise its distribution channels, easing the way in which to do business with LIC. The successful achievement of these two objectives will support the development of an insurance platform that provides superior value to our customers and distribution partners. LIC's underwriting objective is to ensure that it writes profitable business in lines and areas that add value to our clients and stakeholders focussing where possible on Speciality lines – something for which the Lloyd's market is renowned. From a distribution perspective LIC continues to work across its main stakeholder groups – Brokers, Coverholders and Risk Managers.

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[1] Le résumé en français est disponible en annexe F2

A. BUSINESS AND PERFORMANCE

A.1 Business

A.1.1 Name and legal form of undertaking

Lloyd’s Insurance Company S.A (hereafter “LIC”) is a limited liability insurance company under the Belgian law. LIC is headquartered at Bastion Tower, Place du Champ de Mars 5, 1050 Ixelles and is also known under the commercial name ‘Lloyd’s Europe’.

A.1.2 Supervisory authority responsible for financial supervision

LIC’s activity is conducted according to Solvency II and to Belgian legislation and regulation. LIC is an insurance company authorised and regulated by the National Bank of Belgium (NBB) under Number 3094. The address of the NBB is as follows:

National Bank of Belgium
Boulevard de Berlaimont 14
1000 Brussels

A.1.3 External auditor of the undertaking

The independent auditors of LIC are:

PwC Bedrijfsrevisoren BV / PwC Réviseurs d'Entreprises SRL
Culliganlaan 5
1831 Diegem
Belgium

A.1.4 Holders of qualifying holdings

100% of the share capital in LIC is directly owned by The Society Incorporated by Lloyd’s Act 1871 By The Name of Lloyd’s (‘Society of Lloyd’s’), with registered office at One Lime Street EC3M 7HA, London, United-Kingdom.

A.1.5 Structure of undertaking

LIC’s parent organisation, the Society of Lloyd’s, operates a global insurance marketplace of underwriting members.

The Lloyd’s market consists of underwriting members that form syndicates. Each syndicate is run by a managing agent, to whom all underwriting and other authority is granted by each underwriting member. The (re)insurance business written at Lloyd’s is placed by brokers and coverholders with specialist syndicates, whose - for non-IDD business - underwriting staff price and underwrite the risks. For open market IDD business, the underwriting activities are either undertaken by staff of the LIC UK Branch who are seconded by Managing Agents, or via delegated Service Companies who are registered and authorized in the EEA. Much of the insurance capacity available at Lloyd’s is provided on a subscription basis, i.e., where Lloyd's syndicates co-insure risks. This type of structure, combined with the choice, flexibility and financial security of the market, makes Lloyd’s the world’s leading specialist insurance marketplace. LIC is headquartered in Brussels with the following management:

LIC does not have any material related undertakings.

A.1.6 Material lines of business and geographical areas

LIC offers non-life insurance and reinsurance for risks located in the European Economic Area (EEA), the UK and Monaco.

The type of business written by the company is a diverse mix of (re)insurance business focussed mainly on specialty property and casualty classes of business. LIC's business focus reflects the reputation of its parent as a marketplace for specialist underwriting skills for large and complex commercial risk. LIC operates across the EEA through Freedom of Establishment and / or Freedom of Services permissions.

The company is also authorised by the Ministry of Finance in Monaco to write (re)insurance risks located in Monaco.

LIC currently has offices and employees in the following jurisdictions: France, Germany, Ireland, Italy, the Netherlands, Spain and Sweden. It also has a third country branch in the UK, authorised by the PRA and FCA.

LIC's authorisations are held in the following classes of business:

1	Accident	10	Motor vehicle liability
2	Sickness	11	Aircraft liability
3	Land vehicles (other than railway rolling stock)	12	Liability for ships (sea, lake, river and canal vessels)
4	Railway rolling stock	13	General liability
5	Aircraft	14	Credit
6	Ships (sea, lake, river and canal vessels)	15	Suretyship
7	Goods in transit (inc. merchandise, baggage and other goods	16	Miscellaneous financial loss
8	Fire and natural forces	17	Legal expenses
9	Other damage to property	18	Assistance

In addition, LIC participates in public tender bids for public sector insurances in a small number of EEA countries. Owing to the size and diversity of the company's underwriting strategy, the market segments addressed range across the whole spectrum of customers, from reinsured to large commercial policyholders to individual retail customers, and a wide-ranging portfolio of business.

100% of all risks written are reinsured by LIC to Lloyd's Syndicates.

A.1.7 Significant events during the reporting period

The important events that occurred during the reporting period are stated in the table below:

Table A.1: The following significant events occurred during the reporting period:

FSMA Settlement	On December 3rd 2024, a settlement was reached between LIC and the FSMA, the Belgian conduct regulator, for an amount 300 kEUR. The agreement, published on the FSMA website, refers to the interactions between the regulator and LIC about certain requirements that persons Responsible for Distribution have to meet at the date of their appointment. Upon identification, LIC has taken immediate remediating measures, which was acknowledged by the FSMA.

Rescinding Freedom of Establishment	In Lithuania and Malta LIC now operates on a Freedom of Service basis instead of the Freedom of Establishment.
Changes in governance structure	Over the reporting period, the Executive Committee of LIC changed. In respect Executive Directors, Mr. May appointed CEO, Ms. Hashiguchi appointed CRO, the role of CFO and COO split, with Mr. Davidson appointed CFO and remaining Executive Director. In respect Executive Committee, Mr. Papagalos appointed COO, Mr. Waltregny appointed into new position of Deputy CEO, Mr. Jackson appointed CUO subject to regulatory approval, Mr. Rasing appointed Compliance Officer, and Ms. Mason appointed Chief of Staff. On the LIC Board, Ms. Miller joined as non-executive director.
Ukraine aviation claims	The conflict in Ukraine continues to be actively monitored by LIC to provide assurance that risks are appropriately reserved for as the situation evolves. We have worked closely with the market to monitor claims development and maintain reserve adequacy, and our industry continues to work closely with governments and regulators across the world to monitor and ensure we interpret and enact sanctions requirements, together with other legal and regulatory obligations, appropriately. In respect of this conflict, Lloyd's Europe is currently aware of 12 claims in total which were brought against it in England and Ireland (i.e., claims in which Lloyd's Europe is a named defendant). Three of these claims have been discontinued against Lloyd's Europe. Each claim is brought by aviation lessors under policies taken out in respect of aircraft operating in Russia and related countries in 2022. The Irish Proceedings' trial began on 4 June 2024 and continues in 2025, without a fixed end-date. The English Proceedings' trial began on 2 October 2024 and ended on 14 February 2025. Until judgment is received in the Irish and/or English Proceedings, there are key factual and legal questions to be resolved in all of the claims. Because of the complexity of the claims, it is expected that it will take several months for judgement in either the Irish or the English Proceedings to be handed down. It is therefore too early to comment on the potential outcome of these claims. It is noted that Lloyd's Europe has 100% quota share reinsurance agreements in place with the relevant Lloyd's syndicates in respect of the business it has underwritten.

A.1.8 Commercial objectives

LIC's commercial objectives are in pursuit of maintaining its position as one of the leading speciality insurers across the EEA. The overarching objective of LIC is to deepen its relevance and impact across the EEA. In this regard, LIC will look to grow sustainably, whilst maintaining profitably, and expand the volumes of business in Europe. In addition, LIC will continue to prioritise its distribution channels, easing the way in which to do business with LIC. The successful achievement of these two objectives will support the development of an insurance platform that provides superior value to our customers and distribution partners.

LIC's underwriting objective is to ensure that it writes profitable business in lines and areas that add value to our clients and stakeholders focussing where possible on Speciality lines, something for which the Lloyd's market is renowned. From a distribution perspective LIC continues to work across its main stakeholder groups – Brokers, Coverholders and Risk Managers.

A.2 Underwriting Performance

A.2.1 Performance overview

LIC prepares its financial statements in accordance with BEGAAP, the table below presents the underwriting performance for the year ended 31 December 2024 together with comparative information for the prior year.

LIC is 100% reinsured, therefore net earned premium and net claims are nil and LIC's income consists of reinsurance commission. LIC's underwriting performance is the excess/deficit of earned reinsurance commission over incurred expenses. Reinsurance commission is included as an offset in expenses incurred reported here.

Table A.2: Performance over current and previous reporting periods

	2024 kEUR	2023 kEUR
Gross written premium	4,381,603	4,480,944
Gross earned premium	4,196,983	4,026,310
Net earned premium	0	0
Gross claims incurred	2,994,560	1,481,012
Net insurance result	0	0
Gross combined ratio	95%	62%

Comparing the premium to the previous financial year, we see a slight reduction of (2.2)%. This trend is not expected to persist. However, when comparing the latest 2024 and 2023 underwriting year amounts, there is growth observed in these classes:

- Heightened demand for Non-Medical General Liability and Political Risks, Credit & Financial Guarantee
- Terrorism and Property Direct & Facultative premium in 2024 experiencing heightened demand and a rate hardening
- Directors & Officers and Cyber premium continued to grow in 2024 due to strong demand despite the market becoming competitive and rates softening

During 2024 the company did not experience excessively large new claims or accumulations of claims.

The conflict in Ukraine continues to be actively monitored by Lloyds Insurance Company to provide assurance that risks are appropriately reserved for as the situation evolves. The level of provision has been set on the basis of the information that is currently available and is the primary driver for the increased combined ratio in 2024.

Apart from Ukraine, LIC's largest confirmed aggregation of claims still relates to the 15 January 2022 oil spill in Peru involving a European-flagged tanker, with a contractual maximum exposure of around 350,000 kEUR.

A.2.2 Performance by Solvency II line of business

The tables below provide a summary of the key performance indicators for the material Solvency II lines of business underwritten by LIC for the current and prior year. The results are consistent with the BEGAAP financial year result, prepared on a Solvency II line of business consistent with QRT S.05.01.01.

Table A.3: Performance in 2024 by Solvency II line of business

31 December 2024 kEUR	General liability insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	Income protection insurance	Credit and suretyship insurance	Other	Total
Gross written premium	1,495,935	1,143,895	754,205	154,708	411,866	420,993	4,381,603
Gross earned premium	1,477,589	1,117,054	684,915	141,859	338,818	436,749	4,196,983
Net earned premium	-	-	-	-	-	-	-
Gross claims incurred	826,714	1,256,235	357,763	86,652	272,214	194,982	2,994,560
Net insurance result	-	-	-	-	-	-	-

Table A.4: Performance in 2023 by Solvency II line of business

31 December 2023 kEUR	General liability insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	Income protection insurance	Credit and suretyship insurance	Other	Total
Gross written premium	1,573,991	1,150,039	598,791	115,337	535,066	507,719	4,480,944
Gross earned premium	1,413,434	1,096,492	538,480	121,320	400,778	455,806	4,026,310
Net earned premium	-	-	-	-	-	-	-
Gross claims incurred	402,004	617,991	142,372	58,214	94,710	165,722	1,481,012
Net insurance result	-	-	-	-	-	-	-

In both tables above lines of business non-proportional casualty, marine, aviation, transport and property are included in the Other category.

A.2.3 Performance by material geographical areas

Underwriting performance within LIC's material geographical areas is shown in the table below. The results are consistent with the BEGAAP financial year result, and are prepared a risk location basis.

Table A.5: Performance in 2024 by material country

31 December 2024 kEUR	Germany	France	Ireland	Italy	Netherlands	Home Country
Gross written premium	665,208	525,289	501,445	478,505	436,128	117,043
Gross earned premium	650,048	495,781	471,929	478,332	387,455	108,110
Net earned premium	-	-	-	-	-	-
Gross claims incurred	207,238	185,588	972,457	282,208	409,400	9,401
Net insurance result	-	-	-	-	-	-

Table A.6: Performance in 2023 by material country

31 December 2023 kEUR	Germany	France	Ireland	Italy	Netherlands	Home Country
Gross written premium	665,173	532,773	516,937	491,991	445,621	90,513
Gross earned premium	617,352	494,210	478,268	446,657	406,583	87,241
Net earned premium	-	-	-	-	-	-
Gross claims incurred	217,426	190,918	108,393	245,263	106,330	(27,140)
Net insurance result	-	-	-	-	-	-

A.3 Investment Performance

At the reporting date the Company's investments of 714,248 kEUR were held in 26% government bonds, 35% corporate bonds and 39% collective investment undertakings which includes both investment funds and money market funds. In the financial statements under BEGAAP an investment return of 27,946 kEUR was recognised in the year 2024, which under Solvency II increases to an investment return of 52,843 kEUR primarily due to recognition of unrealised gains. Investment management expenses were 368 kEUR leading to a net gain of 52,475 kEUR under Solvency II.

Table A.7: Investment performance by asset class, kEUR as at 2024 year-end

Asset Class	Market value	Total Income	Investment Management Expenses	Net Result
Corporate Bonds	252,666	20,870	(145)	20,725
Government Bonds	185,068	3,578	(25)	3,553
Collective Investment Undertakings	276,513	28,395	(198)	28,197
Total	714,248	52,843	(368)	52,475

At 2023 year-end the Company had an investment portfolio of 602,516 kEUR on which it had made a net profit of 36,823 kEUR for the year 2023.

The investment strategy updated in 2022 and further enhanced in 2023 through investing cash into money market funds to generate an improved return, has been maintained in 2024. The portfolio holdings are well diversified across asset classes, geographies and currencies to optimise capital preservation in different market conditions.

LIC has no investment in securitisation or financial lease agreements, nor did it have at 2023 year-end.

A.4 Performance of other activities

The Company does not carry out any activities which are not directly connected to the provision of insurance.

A.5 Any other information

The Company does not have any other material information to disclose regarding business and performance.

B. SYSTEM OF GOVERNANCE

B.1 General information on the system of governance

B.1.1 Management Bodies

B.1.1.1 Board of Directors

The Board of Directors (‘the Board’) ordinarily comprises a minimum of seven and a maximum of nine natural persons provided that the majority of directors are non-executive. The majority of directors cannot be resident in any country other than the country in which the company is incorporated.

The Board includes:

- The Chief Executive Officer, Chief Financial Officer, and Chief Risk Officer (the executive directors);
- At least three independent non-executive directors who should represent at least half of the overall number of non-executive directors; and
- One of the non-executive directors is appointed as the Chair of the Board (‘the Chair’). The Chair cannot be the Chair of the Audit and Risk Committee nor the Chair of the Management Committee.

The purpose of the Board is to undertake all actions necessary to achieve the objectives of LIC, except for those which are reserved by law to the shareholders.

The Board of Directors can create from time to time any other consultative committees. The following specialised committees were created to support the Board:

- An Audit and Risk Committee (‘ARC’)
- A Nomination and Remuneration Committee (‘NRC’)
- A Recovery Committee (‘RC’)

The Board performs the following functions and may exercise the following powers:

- **General company policy**: The Board is responsible for setting the company’s objectives, budget, and strategy, as well as approving financial reports and appointing committee members. Additionally, the Board addresses significant matters referred by the CEO or Management Committee, including major projects and expenditures.

- **Risk Management**: The Board is tasked with approving the risk appetite framework, annual ORSA report, and risk management policies. It holds ultimate responsibility for the effectiveness of the risk management system, setting risk appetite and tolerance limits, and approving key risk management strategies and policies.

- **Management supervision**: The Board supervises management by approving key reports and policies, and annually assesses the effectiveness of the governance system, internal audit, and control systems. It oversees the Management Committee’s performance in achieving objectives, managing the internal control systems, actions to remedy shortcomings, and compliance. It determines responses to audit findings and compliance planning with advice from the Audit and Risk Committee.

B.1.1.2 Audit and Risk Committee

Members of the Audit and Risk Committee (‘ARC’) are appointed by the Board, on proposal by the Nomination and Remuneration Committee. The ARC comprises a minimum of three and a maximum of five non-executive directors, with a majority being independent non-executive Board directors. The ARC appoints one of its members as the Chair of the Committee (‘the ARC Chair’), who cannot also be the Chair of the Board. The ARC members must have collective expertise in the field of LIC’s activity, audit and accounting. Each ARC member must also possess the necessary knowledge, expertise, experience and proficiency to understand LIC's risk strategy and risk tolerance, along with the necessary professional or academic background to critically approach ARC subjects.

The purpose of the ARC is to assist the Board in its oversight duties in respect of the identification of and control by the management of material risks to the objectives of the company and to ensure that the financial activities of the company are subject to independent review and audit. The ARC is accountable to the Board for properly performing its functions and shall report to the Board on its tasks.

The ARC has an essential role to play as regards the supervisory function carried out by the Board and is responsible for the following tasks:

- **Financial reports:** The ARC informs the Board about the results of the statutory audit of the annual accounts, clarifying the contribution of the annual account statutory audit to financial reporting integrity and specifying the role of the audit committee. It reviews annual and interim financial statements, reports significant issues to the Board, monitors the financial reporting process, and makes recommendations to ensure its integrity. If dissatisfied with any aspect of the financial reporting, the ARC reports its concerns to the Board.
- **Audit:** The ARC monitors the statutory audit of the annual accounts, follows up on the statutory auditor's recommendations, and advises the Board on the statutory auditor's appointment, termination, mandate and fees. It ensures the statutory auditor's independence, reviews the audit plan, and monitors the audit's effectiveness, while also monitoring and reviewing the internal audit function's objective and effectiveness, and approving the annual internal audit plan.
- **Risk & Compliance:** The ARC advises the Board on risk strategy and tolerance, and provides information to assess the effectiveness of internal controls and risk management. It supports the Board in supervising the implementation of these strategies, consults with the Chief Risk Officer and Chief Compliance Officer, and reviews their work programs and the ORSA report. The ARC may also request the Board to assign specific tasks to the risk management and compliance functions.

B.1.1.3 Nomination and Remuneration Committee

Members of the Nomination and Remuneration Committee ('NRC') are appointed by the Board. The NRC has a minimum of three non-executive board directors, at least one of whom is an independent director of the Board. The NRC appoints one of its members as the Chair. The NRC is composed to be able to form a competent opinion and supervise the remuneration and nomination policies.

The responsibilities of the NRC can be divided into its two roles:

a) In its role as **Nomination Committee**: The NRC recommends policies and standards for Board membership and prepares role descriptions for Fit and Proper appointments. It ensures that each "Covered Person" retains the necessary qualifications, annually assesses their external functions and conflicts of interest, and reviews their commitments to ensure they have sufficient time for their roles. The NRC also oversees succession planning for the Management Committee, Board of Directors, and independent control functions.

b) In its role as **Remuneration Committee**: The NRC advises the Board to ensure the remuneration policy does not encourage excessive risk-taking or conflicts of interest. It provides guidance on the remuneration policy, sets total remuneration packages and pension arrangements for identified staff, and advises on major changes in employee benefits. The NRC prepares decisions on remuneration that impact risk management, oversees contractual terms and annual performance reviews of identified staff, and supervises the remuneration of those in independent control functions.

B.1.1.4 Recovery Committee

The Recovery Committee ('RC') was created to assist the Board of Directors in the set-up of the first recovery plan, and to review the recovery plan on an ongoing basis. The RC is accountable to the Board for properly performing its functions and reports to the Board on its tasks.

Members to the RC are appointed by the Board, on proposal by the NRC. The RC comprises a minimum of three and a maximum of five members who are non-executive directors. The RC members must have collective expertise in the field of the company's activity as well as in the area of recovery and resolution. The RC meets at the discretion of the Chair and shall meet at least once a year before a Board meeting.

B.1.1.5 Management Committee

The membership of the Management Committee ('ManCo') comprises a minimum of three and a maximum of seven natural persons and shall include the Chief Executive Officer ('CEO'), the Chief Financial Officer ('CFO') and the Chief Risk Officer ('CRO'), who are also members of the Board of Directors. Appointments to ManCo are made by the Board.

The ManCo is chaired by the CEO. Besides the CEO, CFO & COO and CRO, the members of the ManCo on 31 December 2024 included the Chief Market Development Officer ('CMDO'), the Chief Underwriting Officer ('CUO'), the General Counsel ('GC'), and the Chief HR Officer ('CHRO').

The ManCo holds its meetings during the meetings of the Executive Committee ('Exco''), which is a broader and informal governance body whose membership does not require approval by the NBB. The Executive Committee is currently composed by the members of the ManCo, the Chief Compliance Officer and the Chief of Staff. The ManCo acts as a collegial body and all decisions are made on the basis of a simple majority.

The purpose of ManCo is to ensure that the day to day management of the company's business activities are conducted in accordance with the general company policy set by the Board of Directors. The functions of the ManCo are:

- **Objectives and strategy:** The ManCo implements the Board's strategy and policies by integrating them into processes and procedures, managing LIC's activities according to strategic objectives, risk tolerance limits, and budget. It also submits proposals, opinions, and advice to the Board to help shape LIC's general policy and strategy
- **Risk management:** The ManCo integrates the Board's risk appetite framework and risk management policy into processes and procedures, overseeing their implementation. It reviews reports from risk management and other independent control functions to ensure risks are properly managed and controlled. Additionally, the ManCo approves, recommends, and reviews policies and guidelines for underwriting and counterparty risks.
- **Performance and operations:** The ManCo establishes and oversees an organizational structure with internal controls to support strategic objectives and align with the risk appetite framework. It defines departmental powers, responsibilities, and procedures, implements Board-defined policies, and ensures timely communication with the Board and sub-committees. It prioritizes resources according to the budget and ensures compliance with legislation and regulatory reporting requirements.
- **UK Branch and EU branches:** The LIC UK branch operates in the United Kingdom and supports LIC in underwriting EEA risks where the policyholder is domiciled in the EEA, alongside its activities in the UK market. The ManCo ensures an effective control and oversight framework for the UK branch, with regular operational reports provided to ManCo. LIC has also developed a branch oversight framework, including regular reports to the ExCo, and assesses the impact of decisions on the branches in meeting minutes

Sub-committees to the ManCo

The Manco has established four sub-committees to support and strengthen the ManCo in its functioning.

The ManCo appoints the Chairperson and the members of these sub-committees and establishes their Terms of Reference. Members may be staff working at LIC or at Lloyd’s, working in the domain of expertise of the sub-committee. The Chairperson of each sub-committee reports on the findings of the sub-committees, for decision by the ManCo.

The four sub-committees of the Manco are:

- The Underwriting Committee
- The Outsourcing Committee
- The Data Management Committee
- The Reserving Committee

B.1.2 Material changes in the system of governance

Over the reporting period, the Management Committee of LIC has undergone changes.

In respect Executive Directors, Mr. May was appointed CEO, Ms. Hashiguchi appointed CRO, the role of CFO and COO split, with Mr. Davidson appointed CFO and remaining Executive Director.

In respect the Executive Committee, Mr. Papagalos was appointed COO, Mr. Waltregny appointed into new position of Deputy CEO, Mr. Jackson appointed CUO subject to regulatory approval, Mr. Rasing appointed Compliance Officer, and Ms. Mason appointed Chief of Staff.

On the LIC Board, Ms. Miller joined as non-executive director.

During the reporting period an additional consultative Board Committee was established, the Recovery Committee, in order to set up the first recovery plan and to review the recovery plan on an ongoing basis.

B.1.3 Remuneration

B.1.3.1 Principles

LIC has implemented a Remuneration Policy in line with the undertaking's business and risk management strategy, its risk profile, objectives, risk management practices and the long-term interests and performance. The policy applies to the company as a whole. To ensure all staff members are aware of the policy, it is made available on the company SharePoint.

The remuneration policy applies to all LIC employees. A specific focus is put on all Solvency II identified staff (‘Identified staff’), considering they are subject to specific rules. The identified staff are listed below:

- Members of the Board
- Members of the Management Committee
- Independent control function holders

Although LIC’s remuneration packages include fixed and variable components applies to identified staff and other employees, identified staff are subject to specific rules in regard to variable remuneration, deferral period for variable remuneration, downward adjustments, termination elements and conflict of interests. The LIC Remuneration and Nomination Committee advices the Board of Directors in the oversight of the Remuneration principles.

B.1.3.2 Individual and collective performance criteria on which any entitlement to share options, shares or variable components of remuneration is based

LIC operates a total reward and recognition approach, which is designed to meet employee and company needs by providing rewards that are linked to individual performance and the delivery of LIC's objectives.

The total reward approach is supported by the following practices:

- The approach looks beyond base salary to the value of the total reward package in meeting the needs of officers and employees;
- It recognises and rewards superior performance;
- The remuneration practices are designed to promote and reward sound and effective risk management

LIC's remuneration approach is based on providing a package of rewards (salary plus benefits) that is business-driven, competitive, fair and flexible. It is also founded on the proposition that the ultimate source of value in the business is people.

Key elements of the remuneration package which apply for all LIC employees are as follows:

Table B.1: Key elements

Element	Purpose
Base salary (fixed)	• To appropriately recognise responsibilities and to be broadly market competitive
Annual bonus (Variable)	• To link reward to short-term performance and contribution (not applicable for (independent) non-executive directors, Head of Internal Audit, the CRO and the CCO)
Lloyd's Performance Plan (Variable)	• To offer an incentive which is directly linked to the profitability of the Lloyd's market (not applicable for (independent) non-executive directors)
Benefits	• To provide benefits in line with the market (not applicable for (independent) non-executive directors)
Pensions	• To make pension provision(s) in line with the market (not applicable for (independent) non-executive directors)

B.1.3.3 Pensions

LIC offers employees the opportunity for pension provision and typically either contributes to an employer sponsored arrangement or provides a pension allowance.

B.1.4 Material transactions

Over the reporting period, there have been no material transactions with shareholders, persons exercising a significant influence on the undertaking, and with members of the Board of Directors or Management Committee.

B.2 Fit and proper requirements

B.2.1 “Fit and Proper”

The LIC Fit and Proper framework and requirements are set out in its Nomination and Fit and Proper Policy, including the internal rules on external functions, and Nomination and Fit and Proper procedure. Additionally, a UK regime is available within the UK LIC branch.

The Nomination and Fit and Proper Policy, as approved by the Board of Directors, establishes the basis on which LIC will ensure that the persons subject to fit and proper requirements, known as covered persons, meet the statutory and NBB regulatory expertise and reliability requirements, Lloyd’s values and relevant best practices.

A covered person is considered to be suitable if they has complied with the applicable standards in terms of five suitability criteria: fitness, propriety, independence of mind, time availability and, if applicable, collective suitability, required for the position in question, as detailed below:

- **Fitness** – A person is deemed fit if they possess the necessary qualifications, knowledge, and experience (together “expertise”) to lead a business prudently and professionally. LIC assesses educational and professional qualifications, relevant experience, and leadership capabilities, ensuring individuals meet the role requirements. In addition, persons responsible for independent control functions must have the theoretical and practical knowledge required for the position in question, supplemented by the required professional standards. Where beneficial, remediation plans are created based on skill assessments.
- **Propriety -** A person is considered to be proper if they have a good reputation and integrity and it is considered that they will carry out the task entrusted to them honestly, faithfully, independently, ethically and with integrity. LIC’s propriety assessment includes evidence regarding a person’s character, personal behaviour and business conduct including any criminal, financial and supervisory aspects relevant for the purposes of the assessment. Considerations that will be part of the assessment include: convictions, ongoing investigations, disciplinary actions by a supervisory authority, financial performance, transparency issues, and conflicts of interest as per LIC’s Conflict of Interest Policy.
- **Independence of mind** – Independence of mind involves ensuring persons can make objective, independent, conflict-free decisions, supported by financial independence (no financial transactions with LIC). In addition, formal independence is applicable for independent non-executive directors.
- **Time availability** – Time availability requires directors, senior managers and persons responsible for independent control functions to dedicate sufficient time to the performance of their duties with LIC. LIC assumes that the positions of members of the management committee and persons responsible for a control function are held full-time.
- **Collective suitability** – Collective suitability requires the Board and Management Committee to possess a diverse range of expertise, ensuring professional management and control of LIC. Skills assessments are conducted to maintain the necessary technical and managerial skills, with adjustments made to preserve collective expertise if changes in composition occur.

B.2.2 Nomination and Fit and Proper Procedure, Application and Control Framework

The Nomination Fit and Proper Procedure includes the criteria and considerations that are applied when evaluating fitness and propriety. It sets out the detailed operational arrangements for the suitability assessment, appointment, renewal and termination of the covered person during the different stages of their LIC role. It contains the circumstances in which an assessment will be performed, the criteria against which covered persons are assessed, and the steps for completing the assessment and the appointment process, taking into account the principles set in the Nominations and Fit & Proper Policy.

The process covers the following stages:

- **Initial application –** The assessment process for the initial application is performed under the responsibility of HR and the Company Secretary with all applications archived and reported to the Board of Directors. LIC ensures its management bodies have a balanced mix of skills, experience, and knowledge to act in the company's best interests. Directors are selected for their diverse knowledge and experience, with a focus on inclusivity and integrity. Heads of independent control functions are evaluated based on job qualifications, expertise, and integrity checks by the CEO and HR officer.
- **Periodic suitability –** Periodic re-assessments are conducted through an annual suitability assessment reviewed by Compliance and presented to the Board of Directors, with the Nomination & Remuneration Committee evaluating the CEO, Management Committee, and independent control functions. Additionally, the Nomination and Fit & Proper Procedure outlines trigger events (e.g., changes in external functions, conflicts of interest or impact on propriety) that may prompt re-assessment of individual or collective suitability.

The Nomination and Fit & Proper Procedure has an allocation of tasks to different LIC departments across the different Fit and Proper stages. HR is involved in the recruitment and offer phase, followed by internal approval from the Remuneration and Nomination Committee and Board of Directors, and submission for regulatory approval. The Company Secretary and Compliance department play key roles in the process, including post-approval follow-up on regulatory conditions, training plans, and conflicts of interest. Lastly, the LIC UK branch must comply with the UK Senior Management & Certification Regime (SM&CR), which imposes extra procedural requirements.

B.3 Risk management system including the own risk and solvency assessment

B.3.1 Risk Management System

B.3.1.1 Risk Management Framework

LIC's Risk Management Framework comprises a range of elements which collectively ensure the risks LIC is exposed to are effectively identified, assessed, managed and monitored. Each of the Framework's tools and components contribute to the effectiveness of the risk management system, supporting the early detection and resolution of risks.

The core components of the Risk Management Framework are:

- **Risk strategy** – Defined by the Board of Directors. The risk strategy reflects the way in which risk is embedded in the overall management of the company, its decision making and strategic direction.
- **Risk appetite** – Defined and set by the Board of Directors. Risk appetite translates stakeholder expectations into clear statements and boundaries within which the business should operate. It enables effective monitoring of risks and of the organisation's risk profile on an ongoing basis, and guides business decision-making.
- **Internal Control System ('ICS')** – The internal control system comprises a set of business and risk management activities the company implements to strengthen its internal control environment and enhance the likelihood of the company achieving its strategic objectives. LIC's ICS is based on the Committee of Sponsoring Organizations ('COSO') ERM framework. Various activities are performed to assess the company's ICS, such as the Risk and Control Self-Assessment ('RCSA'), Internal Control maturity questionnaire, key control testing, and the System of Governance assessment ('SoGA').
- **Risk incident reporting ('RIR')** – Risk incidents are undesirable events which have had or could have had an adverse impact on LIC. The Risk Management function centrally manages the

reporting process and facilitates root-cause analysis and remediation follow-up with the incident owners as and when employees report incidents.

- **Own Risk and Solvency Assessment ('ORSA')** – The ORSA enables LIC to assess the adequacy of its risk management and current and forward-looking solvency positions under normal and severe stress scenarios.
- **Stress and scenario testing** – LIC identifies stress tests and scenarios that may have an adverse impact on its operating business model, to ensure that potential risks are clearly understood and monitored effectively and that adequate controls are in place. The outcomes of these tests act as prompts for senior management to take action across a number of areas (e.g., re-evaluating risk appetites, business plan and capital management decisions).
- **Thematic reviews and risk opinions** – Separate from the RCSAs, thematic reviews are top-down, ad-hoc deep dives on particular risks or themes performed by the Risk Management function in order to ensure there is appropriate understanding and effective management of material risks. Risk opinions are independent assessments performed by the CRO and the Risk Management function to support the Audit & Risk Committee and Board of Directors in taking risk-based, informed decisions on key strategic priorities impacting LIC.
- **Recovery plan** – LIC, as a systemically important insurance company, is required to establish, implement and maintain its own recovery plan. This is a document that sets out and demonstrates LIC's ability to continue to operate as a going concern, through identifying scenarios and triggers of severe stress and analysing the feasibility and effectiveness of the recovery options/actions.
- **Emerging risks** - LIC identifies emerging risks (including sustainability risks) to ensure that the impact of such risks on the business are understood, considered in decision-making processes and included where agreed upon in the organisational risk taxonomy to drive the scope of subsequent risk assessments.

B.3.1.2 Risk & Control Register

The Risk & Control Register, as described in the LIC Internal Control System Policy, is a complete repository of risks, controls and corresponding actions identified in the company for both BAU and project activities. Information from the Register is reported by the Risk Management function to the Executive Committee and Audit & Risk Committee with a view of all critical risks, control effectiveness and the status of the corresponding remediation actions.

B.3.1.3 Risk taxonomy

LIC's risk taxonomy provides a universal overview of all risk categories LIC recognises, the owners and the definitions of the risks. It enables LIC to have in place a common universe to identify, describe and manage all risks and issues that are observed across all governance bodies and functions in the organisation. It also allows for more efficient collection and reporting of risk data and information. The risks are aligned with the Solvency II framework as well as how the respective risks are defined in the corresponding policies.

B.3.1.4 Risk culture

LIC's Risk Management function aims to create an environment in which risk is managed on an ongoing basis by all employees. This is achieved through:

- **Risk leadership and ownership:** The CEO has responsibility for risk management supported by the CRO. Both are accountable to the Board of Directors for all areas of risk within the business.

In addition, each risk type has an executive owner, ensuring that the right level of oversight and scrutiny is applied to actual and potential exposures.

- **Risk awareness and competency:** Various levels of training are delivered to ensure that all LIC employees understand their responsibilities with respect to risk management. Training varies from principles-based training to technical training as required.
- **Risk-based decision making:** Risk management is at the heart of decision making with regards to setting LIC's business strategy. Promoting a common risk language and framework allows management to make effective and structured risk decisions.
- **Risk communication:** Risk information and initiatives are communicated within LIC to ensure effective sharing of information between technical areas.

B.3.1.5 Risk monitoring, reporting and escalation

Monitoring

Findings arising from the Risk Management Framework's activities and processes such as risk incident reporting and risk assessments are monitored by the Risk Management function on an ongoing basis. Risk incidents and risks reported by the first line are monitored via the global Governance, Risk and Compliance platform.

Reporting

The Executive Committee and the Board of Directors must have appropriate knowledge about the outcome of managing the day-to-day operations and the actual risks being identified, assessed, managed and monitored. For this purpose, structured and regular risk reporting to the Executive Committee, Audit & Risk Committee and the Board of Directors is required. The following types of reporting apply:

1. **Quarterly Risk Reports ('QRR')**: QRRs summarise the quarterly position of risk appetites, material risk exposures, key findings from thematic reviews, and the capital and solvency position, providing transparency on LIC's overall risk profile on an ongoing basis.
2. **Recovery reporting**: This reporting evaluates LIC's current position with primary focus to provide an early indication of potential impairments, enabling escalation and timely actions to be taken to safeguard LIC. The reporting will be on a semi-annual basis via the Q2 and Q4 Risk Reports and will be included within the annual ORSA.
3. **Annual regulatory reporting to the NBB** under the Solvency II framework, which comprises:
   - LIC's Regulatory Supervisory Reporting (Pillar 3);
   - Own Risk and Solvency Assessment (Pillar 2) and F8. Top Risk Assessment Report;
   - Liquidity Risk Management Report;
   - Report on Effectiveness of the System of Governance ('RESOG'); and
   - LIC Recovery Plan.
4. **Annual function report to the Board**: A report documenting the Risk Management function's activities and outcomes over the past year, as well as providing a forward-looking plan for the following year. This activity report is used for internal purposes, and also subject to submission to the NBB if requested.

As part of day-to-day operations and ongoing risk management activities, the Risk Management function also produces where relevant ad-hoc reports and communications outside of the above formal reporting channels.

Escalation

The CRO, as the function holder, has the right to escalate significant risks affecting LIC to the Audit & Risk Committee and the Board of Directors where appropriate.

B.3.1.6 Risk Management function responsibilities

The Risk Management team is responsible for implementing the Risk Management Framework, ensuring the governance forums receive relevant and timely risk information and actively challenging the risk-taking of first line business departments. The team works closely with other departments to support risk identification and management; however, it is required to take an independent view on risks and has the ability to escalate these to the LIC Executive Committee and Audit & Risk Committee where required.

The Risk Management function's objectives and responsibilities are detailed in the sections above.

B.3.2 Own Risk and Solvency Assessment

B.3.2.1 ORSA procedure

The ORSA is an integral part of risk and capital management at LIC. It comprises a series of processes employed to identify, assess, monitor, manage and report the short- and long-term risks an insurer faces or may face, and to determine the capital necessary to ensure the organisation's solvency needs are met based on its strategy set by the Board of Directors.

Although LIC is required by the NBB to calculate and meet the Solvency Capital Requirement ('SCR'), the key focus of the ORSA is to present LIC's own view of the risks faced and the associated economic capital needs in order to meet its strategic goals. This process is aligned with the regulations at both EU and national levels and is integrated into the overall Solvency II framework ensuring consistency with Pillar 1 and Pillar 3.

LIC's risk profile and the size and quality of its assets influence the definition of the scope of the ORSA. The ORSA considers the risks arising from the company's activities, both non-financial (e.g., operational) and financial (e.g., underwriting), including the risks arising from the company's role in overseeing the underwriting and associated activities that take place through its UK and European branches. With the designation by the NBB of LIC as a systemically important insurance company since January 2024, LIC is expected to assess systemic risk during the annual ORSA cycle.

The undertaking of an ORSA is a key element of the LIC Risk Management Framework. The ORSA is an ongoing process and, as a result, it incorporates many of the key business processes which operate through the course of the year. The five main areas are:

- LIC's strategy
- Risk appetite
- Risk and control self-assessment
- Capital setting
- Solvency assessment

The ORSA report typically focuses on different aspects of the ORSA process through the year, depending on the activity that is taking place at a given point. Following the occurrence of a significant event, the activities within the ORSA may be revisited to ensure that they are still valid. An assessment may be made of the impact on the level of economic capital and the Own Funds necessary to meet solvency requirements.

B.3.2.2 ORSA frequency

Frequency of performance

The ORSA is an ongoing process that is aligned to LIC's business planning cycle. As such, the activities of the ORSA are performed throughout the year in line with changes to the risk profile of LIC and the capital setting cycle. Every year, a full ORSA report is made. On a quarterly basis, the most important deviations and management actions still open are reported and discussed.

Frequency of review

Following a significant event, the activities within the ORSA may be revisited to ensure that they are still valid and to assess any impact on the level of economic capital and the Own Funds necessary to meet solvency requirements. Certain trigger events may require all activities within the ORSA process to be revisited, however less material events may only trigger the review of some ORSA components.

Trigger events which may require a re-assessment of the processes within the ORSA can be categorised in the following groups:

1. **External factors:** Significant changes in the external environment, such as a material change in the macroeconomic environment, a material loss event or a significant regulatory change or requirement.
2. **Internal changes:** Significant changes in internal strategy, process or risk profile, for example a shift in strategy or risk appetite, a material change in the risk profile of LIC, risk exposure materially outside risk appetite, or a request from the Audit & Risk Committee.
3. **Supervisory request:** A direct request from the NBB to re-run all or part of the ORSA.

B.3.2.3 ORSA statement

Capital setting

Capital requirements are set as part of the annual business planning process.

Solvency assessment

An assessment is performed of the LIC solvency position and Own Funds to ensure that LIC remains in excess of capital requirements at all times. This capital assessment considers not only the amount of capital held but also the quality of assets and whether the tiers of capital are appropriate for LIC and its business model.

Application of standard formula

A standard formula calculation is used to cover all material risks faced by LIC and to ensure that the amount of capital is appropriate. Non-quantifiable risks which are not considered as part of the standard formula do form part of the ORSA. Therefore, the ORSA report considers these risks and the appropriateness of controls that have been put in place to manage them.

Use of stress and scenario testing

LIC identifies and examines stress and scenario tests (SSTs) that may have an adverse impact on the business model in order to ensure that potential risks are clearly understood, are monitored effectively and that adequate controls are in place.

Calculation of technical provisions

The LIC second line Actuarial function is responsible for co-ordinating the calculation of technical provisions for LIC, as set out in Solvency II. It also ensures the use of appropriate methods and assumptions, the sufficiency and quality of data and performs the validation of the technical provisions.

Actuarial calculations and activities are performed by the first line Actuarial team under the supervision of the Chief Finance Officer (CFO). The monitoring and review of the calculations of the technical provisions is overseen by the second line Actuarial function. The second line Actuarial function reports at least annually to the Board of Directors on the results, noting any deficiencies identified and including recommendations to address these.

Data quality management

The quality of the data inputs used in each process within the ORSA is also part of the scope of the ORSA. Those responsible for managing each process within the ORSA are also responsible for ensuring an appropriate quality of data.

B.3.2.4 ORSA monitoring and reporting

Monitoring

The Risk Management function, as the co-ordinator of the ORSA, closely monitors the progress of the exercise throughout the assessment period. Significant updates are presented to the ARC for attention.

Reporting

The outcome of the ORSA process is formally documented and presented to the LIC Board of Directors on at least an annual basis. Once approved by the Board of Directors, the ORSA report is submitted to the NBB.

B.4 Internal control system

B.4.1 Internal Control System (ICS)

B.4.1.1 Key elements of ICS

An effective internal control system ('ICS') is a critical component of a successful business as it provides the foundation for safe operations, ensuring compliance with relevant laws and regulations and the safeguarding of assets. An effective ICS is crucial to embedding the responsibility of risk management in the business and supporting the achievement of the company's strategic goals.

The ICS is based on the COSO framework and comprises the following components.

Control environment

The internal control environment sets the tone of an organisation, establishing the management's philosophy and operating style with regard to risks and controls. It defines the context in which risks are taken and managed. Whilst the Board of Directors is responsible for establishing the "tone at the top", the Executive Committee and senior management act to direct and embed an appropriate control culture throughout the company. Internal control environment factors include an effective organisational structure, clear assignment of authority and responsibility and promotion of integrity and ethical values. Individual employees are accountable for their internal control responsibilities in the pursuit of objectives, and the company demonstrates a commitment to attract, develop and retain competent employees in alignment with objectives.

Risk assessment

Risk assessments enable the company to identify and manage risks to the achievement of its strategic objectives, and assess changes that could significantly affect the ICS. LIC's Risk Management Policy describes the overall framework and approach for the management of risks in the company, including key tools, process and reporting procedures. The below risk assessment activities within the framework are governed and facilitated by the Risk Management function:

1. **Risk and Control Self-Assessment ('RCSA')**: Performed by the first line, this identifies and assesses all risks, evaluates the effectiveness of controls in place, and determines appropriate action plans based on defined risk appetite levels. The RCSA supports delivery of the company's strategic goals and protects its brand, reputation and assets.
2. **Internal Control System ('ICS')**: The internal control system comprises a set of business and risk management activities the company implements to strengthen its internal control environment and enhance the likelihood of the company achieving its strategic objectives.. Key controls testing, aims to identify errors and improve the effectiveness and quality of controls operated by the business and verify the controls are working as intended (design effectiveness) and achieve the desired outcomes (operating effectiveness). Any deficiencies identified from the testing will be remediated and monitored through action plans.
3. **System of Governance ('SoGA') assessment**: An annual assessment that evaluates LIC's overall governance system against the requirements set out in the NBB System of Governance circular.
4. **Risk incident Reporting**: Reporting of incidents to Risk Management. Incidents are point-in-time, adverse events on the company that arise due to an underlying control failing or an external event.
5. **Thematic reviews and risk opinions**: Separate from the RCSAs, thematic reviews are top-down, ad-hoc deep dives on particular risks or themes performed by the Risk Management function in order to ensure there is appropriate understanding and effective management of material risks. Risk opinions are independent assessments performed by the CRO and the Risk Management function to support the Audit & Risk Committee and Board of Directors in taking risk-based, informed decisions on key strategic priorities impacting LIC.

Information and communication

Clear communication and reporting lines are established throughout LIC via the governance structure, facilitating effective flow of information across all levels of the organisation. Relevant and quality information must be obtained, generated and/or used to support the functioning of internal control. Information should be communicated in a form and timeframe that allows senior management and employees to carry out their responsibilities and make informed decisions.

Monitoring

Monitoring of LIC's ICS occurs during normal operations and includes on-going activities and actions taken by employees when performing their duties. All employees are responsible for undertaking routine monitoring to detect control weaknesses or control failures. The Risk Management function also performs second line monitoring activities to ensure the company's internal controls are present and effectively functioning. This is done by monitoring the risk, incident, control and action information recorded by each department, function or branch in their risk and incident registers.

Reporting

The Risk Management function reports on the outcomes of the various ICS activities and processes via the RESOG report, Quarterly Risk Reports (‘QRR’), risk opinions and thematic risk reviews.

B.4.1.2 Three lines of defence

LIC applies the ‘Three Lines of Defence’ model across its organisation, which enables effective segregation of duties between the business areas (i.e., the risk-takers) and those who perform independent risk and control activities (i.e., Risk Management function, Actuarial function, Compliance function and Internal Audit).

In order to assure a sound System of Governance, the model distinguishes between:

- Functions that own and manage risks: first line of defence;
- Functions that oversee risks: second line of defence;
- Functions that provide independent assurance: third line of defence.

Processes are performed by the three lines of defence to manage risks, from the initial identification through to the monitoring and reporting of a risk. The processes fall under five key stages of risk management:

1. **Identify**: Process of determining risks that could potentially prevent the company from achieving its objectives.
2. **Measure & analyse**: Risks are ranked and prioritised, to allow LIC to have a holistic view of the risk exposure of the whole organisation.
3. **Risk response**: The response to risks are determined, with the main responses being to mitigate or accept.
4. **Monitor & review**: Risks are regularly reviewed and monitored. Where a particular risk response is determined, this is documented to monitor the evolution or change in the risk.
5. **Report**: The documented risk information is reported to key stakeholders within and outside the company.

B.4.2 Compliance Function

The Compliance function is responsible for the supervision of compliance with the legal and/or regulatory integrity rules and rules of conduct which are applicable to LIC.

The Compliance function is a control function, part of the second line of defence and independent of the first line business functions. To guarantee its independence:

- The Compliance function holds a formal status within the company;
- The Chief Compliance Officer and Compliance Officers remain free from potential conflicts of interest between their compliance responsibilities and other responsibilities;
- The staff in the Compliance function have unrestricted access to all information and other staff when necessary for the execution of their tasks;
- The Chief Compliance Officer has direct access, and on their own initiative, to the Chairman of the Board of Directors, the statutory external auditor, the NBB or the FSMA when they deem it necessary to do so.

The Compliance function reports, via the Deputy Chief Executive Officer, to the Management Committee and Board of Directors of LIC. The Chief Compliance Officer has a standing invitation to the Audit and Risk

Committee. The nature, role, responsibilities, status and authority of the Compliance function is set out in the LIC Compliance Charter, which also outlines the scope of its activities.

Table B2: The Compliance function covers the following domains

Domains owned by LIC Compliance function	Domains owned by 1st LoD with oversight by Compliance function
• Conflicts of interest • Discrimination • FATCA • Fit and proper and external mandates • Financial crime including: Anti-money laundering and counter-terrorism financing, Bribery and corruption Fraud, Gifts and hospitality, and Sanctions and trade embargoes • Market abuse and insider dealing • Special tax evasion mechanisms • Whistleblowing	• Consumer protection and customer conduct risk, including complaints handling • Insurance and reinsurance distribution • Data privacy and protection of personal data • Outsourcing • Remuneration

As part of the LIC Compliance framework, the Compliance function is responsible for the following tasks and implementation methods relating to the above-mentioned domains:

- **Monitoring -** The Compliance function identifies, documents, and assesses compliance risks in LIC, including those related to branches and outsourced activities. Monitoring and testing activities are performed on the different compliance domains in order to identify shortcomings and recommend the necessary changes. Additionally, the Compliance function monitors and analyses regulatory developments, conducts investigations into suspected compliance incidents or breaches, and handles whistleblowing reports.
- **Advising -** The Compliance function provides guidance and advice on compliance with laws, regulations, and internal rules. The Compliance function trains staff and raises awareness about compliance areas. In addition, it serves as the point of contact for compliance matters for staff, external organizations, and authorities, and supports business units in resolving compliance issues as they arise.
- **Reporting -** An annual Compliance Plan is created, with regular status updates provided on progress. The Compliance function reports to the Management Committee, the Board of Directors, and the Audit & Risk Committee at appropriate intervals, and at least once a year. It also fulfils compliance-related notification obligations to relevant authorities.

B.5 Internal Audit function

B.5.1 Implementation

Internal Audit is the 'third line of defence” in the risk governance structure. Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Internal Audit is accountable for:

- Developing and delivering a programme of assurance aimed at validating the effective control of key business risks.

- Reporting its findings, conclusions, and recommendations to the audited parties, LIC Executive Committee and LIC Audit and Risk Committee.
- Ensuring that timely follow-up on management actions is tracked and reported to the Audit & Risk Committee. Management is responsible for implementing corrective actions on reported weaknesses.

Management can request Internal Audit to perform audit reviews subject to these requests not affecting Internal Audit's independence and objectivity. The final decision for any changes to the Internal Audit plan rests with the LIC Audit and Risk Committee.

An annual review of the adequacy of the Internal Audit Charter is performed by Internal Audit and presented to the LIC Audit and Risk Committee for review and approval.

B.5.2 Independence and objectivity

Internal Audit must be independent from management at all times in order to be effective in executing its work freely and objectively. As such:

- Individual auditors attest to conformance to the IIA Standards/ Code of Ethics and conflicts of interest.
- A process exists to manage the risk of auditors auditing areas for which they have previously held responsibilities for in the last 12 months.
- The LIC Head of Internal Audit has a direct reporting line, with unlimited access, to the LIC Chair of the Audit and Risk Committee and a functional reporting line to the Global Head of Internal Audit.
- The LIC Audit and Risk Committee is responsible for the approval of Internal Audit's annual plan and the overall budget.
- Internal Audit is authorised to allocate resources, set frequencies, select areas, determine audit scopes and apply audit tools and techniques, and to obtain the necessary assistance and specialised services within or outside LIC to accomplish its objectives.
- Internal Audit has the right to be informed by management, on a timely basis, of any significant control failures identified by management or the external auditor.
- The LIC Head of Internal Audit has the right to attend and observe all or part of the LIC Executive Committee meetings and any other key management decision making forums where they would have the appropriate standing, access and authority to challenge the LIC Executives.
- If the Head of Internal Audit has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence and objectivity.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for LIC or its affiliates.
- Initiating or approving transactions external to the Internal Audit department.
- Directing the activities of any Lloyd's employee not employed by the Internal Audit department, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

Crucial in the independence of the Internal Audit function is the fact that it can conduct its work free of undue influence.

B.6 Actuarial function

B.6.1 Implementation

The Actuarial function is a second-line control function. The Actuarial function is a measure of quality assurance with a view to safeguarding that certain important decisions of undertakings can be taken based on expert technical actuarial advice.

The Actuarial function reports to the CRO, who is identified as the 'Personne-Relais' for the Actuarial function considering the function is outsourced to a third party. The activities are subject to the provisions of the Outsourcing Policy and appropriate Service Level Agreements. The Actuarial Function reports at least annually through the CRO to the Audit and Risk Committee. The actuarial work itself on calculations, setting of assumptions and others is done by the first line LIC Actuarial team, which reports to the CFO. The calculations are verified by the Actuarial Function under an external outsourcing agreement.

The usual actuarial function activities include:

- Co-ordinate the calculation of technical provisions;
- Opinion on underwriting policy and profitability;
- Opinion on adequacy of reinsurance;
- Contribution to risk management.

The nature, role, responsibilities, status and authority of the Actuarial function is set out in the LIC Actuarial function Charter, which also outlines the scope of its activities.

B.7 Outsourcing

B.7.1 Outsourcing principles

Whilst LIC performs many activities necessary for the operation of its business, outsourcing remains critical to the business model of LIC. Hence, LIC has designed an Outsourcing & ICT Service Provider Policy, that also includes DORA[2] requirements within the outsourcing domain, and an Outsourcing & ICT Service Provider Management Framework.

While the Outsourcing Policy sets out the key principles and high-level roles and responsibilities, processes and controls with respect to outsourcing and ICT arrangements undertaken across LIC, the Outsourcing Management Framework sets out the key processes to ensure an appropriate monitoring of outsourcing and ICT arrangements and the related risks across the end-to-end outsourcing and ICT lifecycle.

LIC seeks to ensure adequate control is retained over outsourced and ICT services, activities or functions by actively managing and monitoring relationships with service providers to ensure that outsourced and ICT services are performed satisfactorily and in compliance with regulatory & contractual requirements and expectations.

The effective implementation of the framework facilitates structured management and monitoring of the performance and risks associated with all service providers. It ensures that any deviations are promptly reported. This approach enables LIC to effectively manage service delivery and mitigate risks arising from outsourcing and ICT arrangements.

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[2] Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 on digital operational resilience for the financial sector

The ‘Three lines of defence’ model used by LIC as applies equally to the oversight and management of outsourcing.

B.7.2 Outsourcing and jurisdiction of the critical or important functions

B.7.2.1 Criticality determination

Both the Outsourcing & ICT Service Provider Policy and Outsourcing & ICT Service Provider Management Framework encompass the methodology for assessing whether an activity or function is critical or important, based on inherent risks.

There are two different methods applied for determining the criticality of outsourcing and ICT services:

- **Outsourcing Services**: An outsourced activity or function considered critical indicates that the services provided are of such importance that a weakness or failure could cause:
    - A significant deviation from the company’s risk appetite.
    - A significant disruption to LIC’s core operations.
    - A compromise in LIC’s ability to comply with legal and regulatory requirements.
    - The outsourcing of an independent control function under Solvency II definition is always deemed critical.
- **ICT Services**: LIC has identified critical or Important Functions (‘CIFs’), Critical or Important Supporting Functions (‘CISFs’) and Critical ICT Third Party Provider(‘CTPPs’) which are outlined in the Critical Determination Criteria Procedure.

A non-critical or non-important outsourcing arrangement is one where any disruption to the products or services provided by such arrangements would not materially impact LIC’s core operations or compromise its ability to comply with legal and regulatory requirements.

B.7.2.2 Outsourcing and jurisdiction

LIC has four segments or categories of service providers, which are identified based on the nature of outsourced services. This enables LIC to facilitate a risk-based and proportionate approach in managing outsourcing and the underlying risks across the various types of service providers. The segments are:

- **Intragroup:** Intra-group outsourcing refers to all services provided by the Corporation of Lloyd’s to LIC.
- **Managing Agents:** This refers to the services provided by Managing Agents and service companies. In addition, this includes the Managing Agents’ underwriting activities under a secondment agreement with LIC to ensure IDD requirements are met. This covers also the activities performed by Managing Agents as Responsible for Distribution in a secondee capacity.
- **DCAs and Coverholders:** This covers all underwriting, claims and complaints arrangements with Coverholders and DCAs.
- **Other Outsourcing:** This refers to all other outsourcing arrangements that LIC has contracted. This typically comprises services in relation to Business Process Outsourcing (BPO).

The jurisdictions in which the service providers for these functions or activities are located include the European Union (EU), the European Economic Area (EEA), the United Kingdom (UK), and India.

B.8 Any other information

B.8.1 Assessment of adequacy of the system of governance

In accordance with Article 35 of the SII Directive 2009/138/EC and Circular 2016_31 of the National Bank of Belgium ('NBB') updated on May 2020, the LIC Management Committee is required to demonstrate it has an appropriate governance system to ensure efficient and sound management of the company. To this end, the Management Committee is required to assess and report at least once a year on the evaluation of the effectiveness of LIC's governance system and on the measures taken to tackle any non-conformity.

The Management Committee observed an overall stability in the company's system of governance in 2024. This was owing to various factors, particularly:

1. **Improvements in the Governance Structure:** Achieved through regular strategy updates and committees, and the successful implementation of the LIC Delegation of Authority (DoA).
2. **Improvements in the Risk Management System:** Progress was made in addressing Cyber & IT security risks by establishing Key Risk Indicators and risk tolerance limits, along with improved risk identification and assessment.
3. **Organisational Structure:** The Compliance team was strengthened with new staff, including a new Chief Compliance Officer, and changes were made to the Operations and Underwriting team structure, including the onboarding of two regional managers.
4. **Engagement and Knowledge Sharing:** LIC increased engagement and knowledge sharing through regular touchpoints, internal webinars, and meetings with the Corporation of Lloyd's.

The Management Committee commits to a series of measures in 2025 to further enhance the system of governance which were identified from the 2024 self-assessment.

B.8.2 Any other material information

There is no additional relevant information.

C. RISK PROFILE

This section contains information about LIC's risk profile. This includes a view of all the risks to which LIC is exposed through its operations. In order to understand the risk profile, the nature of the risk needs to be understood, as well as the changes and trends that affect it.

All the calculations have been done in accordance with Solvency II requirements. LIC uses only the standard formula as stated in the Delegated Acts 2015/35.

C.1 Underwriting risk

LIC has 100% quota share reinsurance treaties with individual syndicates. Thus, there is no use of special purpose vehicles.

The expected profits included in future premiums (EPIFP) as reported in the QRT S.23.01 in Annex F.2.5 amounts to 38,759 kEUR. Future premiums result from the sum of the unreceived premium not yet due and the bound but not incepted (BBNI). As a 100% reinsured insurance company, LIC's expected profits on future premiums is the result of the percentage of ceding commission on these premiums.

C.1.1 Non-Life Underwriting Risk

LIC's started to incept business on 1 January 2019. LIC mitigates its written business impact through its use of 100% reinsurance to the syndicates in the Lloyd's Market, which are backed by the central fund of the Corporation of Lloyd's.

The underwriting risks represent the potential loss arising from entering into or underwriting insurance policies. In practice it can be subdivided into:

- Premium and reserve risk
- Catastrophe risk
- Lapse risk

As at 31 December 2024, over the last 12 months LIC had written approximately 4,150,525 kEUR premium in non-life business valued in accordance with the requirements for the underwriting risk calculation. There is no non-life catastrophe risk exposure, owing to the 100% quota share reinsurance to Lloyd's syndicates, and backed in turn by the Lloyd's Central Fund. Therefore, underwriting risk is mostly driven by the lapse risk, which is based on estimated future premiums and amounts to 14,854 kEUR, and the premium and reserve risk which amounts to 9,120 kEUR.

As summarised in the QRT S.25.01 Solvency Capital Requirement in annex F.2.6, the non-life underwriting risk solvency capital requirement therefore amounts to 17,430 kEUR.

As at 31 December 2024, the solvency capital requirement for non-life underwriting risk represents 5.0% of the total undiversified basic solvency capital requirement (BSCR).

C.1.2 Health Underwriting Risk

LIC also writes Class 2 health similar to non-life business. LIC has no health similar to life business and reinsures 100% of its catastrophe risk to Lloyd's syndicates. The SCR for health catastrophe risk is therefore equal to zero. The only driver of the Health Underwriting module is the Non-Similar to Life Techniques (NSLT) health underwriting premium risk sub-module which consists of the following:

- The NSLT health premium and reserve risk sub-module

- The NSLT health lapse risk sub-module

As at 31 December 2024, the health underwriting premiums represent 5% of the total premiums over the last 12 months and amount to 231,079 kEUR valued in accordance with the requirements for the underwriting risk calculation. The SCR for the NSLT underwriting risk module amounts to 1,095 kEUR and represents 0.3% of the total undiversified BSCR. NSLT underwriting risk is therefore considered immaterial for LIC.

C.1.3 Risk sensitivity

The concentration risk regarding underwriting risk is considered insignificant. LIC writes its business that is reinsured by over 80 Syndicates and is therefore well diversified across Syndicates. The business written by LIC is well diversified across Europe both by line of business and geographically by risk location, and as such is not very sensitive to changes in mix of business in this regard.

A number of scenarios are run for the LIC ORSA through which it can be seen that following a movement of plus or minus 30% in the LIC gross written premiums, the company is expected to comfortably remain above its risk appetite threshold SCR ratio of 125%. Underwriting risk is considered immaterial for LIC under this stressed condition and is well mitigated by reinsurance.

C.2 Market risk

LIC's investment strategy was reviewed and updated in 2022 in order to better reflect the nature of LIC's business and manage the underlying risk whilst generating a return on the portfolio by investing in investment funds and in different currencies following the prudent person principle. The portfolio holdings are well diversified across asset classes, geographies and currencies to optimise capital preservation in different market conditions.

The market risk is subdivided as follows:

- Interest rate risk
- Equity risk
- Spread risk
- Concentration risk
- Currency risk
- Property risk

The risk drivers for the market risk module are currency risk, equity risk, spread risk and interest rate risk which respectively represent 42%, 35%, 13% and 9% of the undiversified market risk capital requirement.

As at 31 December 2024, LIC had approximately 714,248 kEUR were held in 26% government bonds, 35% corporate bonds and 39% collective investment undertakings which includes both investment funds and money market funds, where the majority had a credit rating of A or higher.

The investment funds contain an element of equity exposure which is the primary driver of equity risk. In addition LIC has a small amount of equity risk driven by the minimum guaranteed rate on the employee pension plan.

LIC has no property as part of its assets. However, the small amount of property risk identified is due to the IFRS 16 accounting treatment of LIC's company cars and its office leasing. These risks remain insignificant.

The company has a non-EUR currency allocation of 36% of invested assets which is the primary driver of the company's currency risk. A smaller proportion of currency risk comes from its reinsurance commission on the earned premium in the denominated currency of the premium. LIC has negligible liabilities in foreign currencies owing to its insurance liabilities being 100% reinsured.

As LIC holds a well-diversified and high-quality investment portfolio, its market concentration risk is de-minimis.

As summarised in the QRT S.25.01 Solvency Capital Requirement in annex F.2.6, the market risk solvency capital requirement is approximately 133,481 kEUR and represents 38.3% of the undiversified BSCR.

Market risk has increased from 116,652 kEUR at 31 December 2023 driven by the increased size of the investment portfolio.

C.2.1 Risk sensitivity

An extreme test considered was the impact on the SCR ratio following a doubling in size of the investment portfolio for the purpose of calculating market risk. In such a scenario the company would remain comfortably above its risk appetite threshold SCR ratio of 125%.

C.3 Credit risk

Counterparty default risk is the most material risk for LIC. Its solvency capital requirement as at 31 December 2024 amounts to 196,697 kEUR and represents 56.4% of the undiversified BSCR. This is owing to its 100% reinsurance business model.

Under the Solvency II standard formula, in which the lowest of the top two credit scores is used, LIC's counterparty default risk SCR reflects a Lloyd's market counterparty Credit Quality Step (CQS) of 1, and remains in line with the counterparty CQS at 31 December 2023.

As at 31 December 2024, counterparty default risk is composed of 78.6% of type 1 exposure and 21.4% of type 2 exposure, with type 1 counterparty default therefore being the main risk driver of the company's counterparty default risk. Counterparty default risk on the 100% reinsurance to syndicates represents almost all of type 1 risk and is therefore the main risk driver for LIC's SCR.

The best estimate of reinsurance recoverables contributed 76.2% of the type 1 default risk exposure on this reinsurance to syndicates, and the risk mitigating effect of this reinsurance on the SCR contributed 23.8%.

C.3.1 Risk sensitivity

LIC's counterparty default risk exposure is sensitive to the credit rating of the Corporation as insurance risks written by LIC are 100% ceded to Lloyd's syndicates. Therefore, the SCR is driven primarily by the credit rating of the Lloyd's Market and the subsequent credit quality step applied in the standard model. As at year end 2024 Lloyd's ratings were "A+" by AM Best, "AA-" by Fitch, "AA-" by S&P and "AA-" by KBRA. The second-best rating is therefore AA-, which equates to a Credit Quality Step (CQS) of 1 under the standard formula model.

The credit rating assigned to our counterparty drives the overall SCR result. A movement in the second best counterparty credit rating down to A+ would equate to a CQS of 2 under the standard formula model. A scenario is run under which the CQS is assumed to drop to 2, and concurrently the investment portfolio is de-risked. Under this scenario LIC would remain above its risk appetite threshold SCR ratio of 125%. Further mitigation of counterparty credit is possible through collateral arrangements on LIC's reinsurance agreements.

C.4 Liquidity risk

In accordance with the NBB Circular 2022_08, the LIC Management Committee has assessed, documented and demonstrated the overall adequacy of liquidity risk management, both in normal and crisis conditions. Based on this 2024 assessment, the LIC Management Committee observed and acknowledged that the back-to-back reinsurance model removes LIC liquidity risk. There is no Standard Formula calculation for liquidity risk.

The rationale is that LIC needs to pay claims or other liabilities as they fall due. It does this by using processes that ensure that claims are not paid by LIC until the money for that claim is provided by its reinsurer. This way it is not subject to any short-term funding or basis risk. The liquidity to meet expense payments is managed as part of the day-to-day cash management of the Finance function.

C.5 Operational risk

As at 31 December 2024, operational risk is calculated under the standard formula and amounts to 82,001 kEUR and represents 30% of the diversified BSCR and 23% of the total SCR.

LIC's assessment of the appropriateness of the standard formula calculation is based on the LIC Risk Appetite Framework, which is a key building block of the company's Risk Management Framework which articulates the level of risk acceptable or desirable for LIC.

The framework includes clear risk appetite statements, appropriate risk metrics and thresholds across its key non-financial risk exposures. Any breaches in risk appetite prompt further investigation and analysis, and a comprehensive rationale and associated action plan to bring the risk exposure back within acceptable levels.

C.5.1 Risk sensitivity

To test sensitivity to operational risks in 2020 LIC assessed an extreme scenario linked to the COVID pandemic by shocking different components of the BSCR. A reserve increase of 298,000 kEUR was combined with a 5% recurring expenses increase, a 2% shock on the investment portfolio, a 10% decrease in GWP as well as a 200,000 kEUR once-off expense due to a GDPR breach caused by a cyber-attack that could have been facilitated by the new working from home model. This scenario did not materialise throughout the COVID pandemic, nevertheless this extreme scenario demonstrates the balance sheet is robust to operational risks with LIC remaining above its risk appetite threshold of 125%.

C.6 Other material risks

C.6.1 Capital Risk

LIC is capitalised to meet its 2024 business plan under Solvency II requirements. Its shareholder has made clear that they will support the business with future capital injections to support the writing of new business in future years.

C.6.2 Other material risks identified by the Risk Management function

In addition to the above, the risk management function has, from a top-down ORSA assessment, defined the following key risks at LIC:

- Adaptation of and securing LIC's business model
- People risk
- Data quality and controls

- Reinsurance counterparty default
- Conflict in Ukraine
- Geopolitical and macro-economic environment

The Company actively manages the above risks and minimises them through governance structures supported by processes and controls. Risks are identified and assessed on an ongoing basis with stress and sensitivity testing conducted as part of the ORSA process.

C.7 Any other information

The company does not have any other material information to disclose regarding its risk profile.

D. VALUATION FOR SOLVENCY PURPOSES

The Company values assets and liabilities, other than technical provisions, at fair value, being the amount which an asset could be exchanged between knowledgeable, willing parties using market consistent valuation methods. The financial statements of the Company are prepared under Belgian General Accepted Accounting Principles (BEGAAP). The following summarised balance sheet as at 31 December 2024 analyses the differences in valuation between the Company's annual financial statements and Solvency II.

Table D.1: Summarised balance sheet as at 31 December 2024 illustrating the adjustments in valuation between the Company's annual financial statements and Solvency II.

ASSETS	BEGAAP kEUR 2024	Adjustment kEUR	Solvency II kEUR 2024	Solvency II kEUR 2023
Intangible assets	781	(781)	0	0
Deferred tax assets	0	13,329	13,329	14,379
Property, plant and equipment held for own use	856	2,066	2,922	2,688
Investments (other than assets held for index-linked and unit-linked contracts)	604,278	109,970	714,248	602,516
Reinsurance recoverables from: Non-life and health similar to non-life	11,372,758	(3,505,350)	7,867,408	7,344,404
Insurance and intermediaries receivables	3,325,576	(1,264,926)	2,060,650	1,857,588
Reinsurance receivables	968,198	(384,061)	584,138	527,736
Receivables (trade, not insurance)	117,667	(89,537)	28,130	2,871
Cash and cash equivalents	244,290	(73,816)	170,474	221,906
Any other assets, not elsewhere shown	26,938	(26,938)	0	0
Total assets	16,661,343	(5,220,045)	11,441,298	10,574,088

LIABILITIES	BEGAAP kEUR 2024	Adjustment kEUR	Solvency II kEUR 2024	Solvency II kEUR 2023
Best Estimate	11,372,758	(3,491,860)	7,880,898	7,361,817
Risk margin	0	83,736	83,736	77,423
Provisions other than technical provisions	971	(20)	950	837
Pension benefit obligations	1,353	0	1,353	1,229
Deposits from reinsurers	157,535	(25,314)	132,221	158,002

Deferred tax liabilities	0	24,174	24,174	20,425
Debts owed to credit institutions	0	0	0	0
Financial liabilities other than debts owed to credit institutions	0	8,436	8,436	8,200
Insurance & intermediaries payables	876,493	(350,097)	526,396	475,487
Reinsurance payables	3,403,644	(1,342,994)	2,060,650	1,857,588
Payables (trade, not insurance)	80,051	(19,728)	60,322	37,575
Any other liabilities, not elsewhere shown	115,363	(95,174)	20,189	11,984
Total liabilities	16,008,167	(5,208,841)	10,799,326	10,010,567

D.1 Assets

D.1.1 Key differences between valuation for Solvency II and financial reporting

Table D.2: Summarised valuation basis between Solvency II and the Company's annual financial statements (BEGAAP).

ASSET	Solvency II Valuation	Financial Reporting Valuation
Intangible assets	Intangible assets are not accounted for under the Solvency II balance sheet.	As at year end 2024 these are exclusively related to IT development cost. Amortisation of these costs will commence from the start of their usefulness and typically depreciated over a 5 year period. Additional depreciation is booked when it is justified by economic circumstances.
Deferred tax assets	Solvency II recognises Deferred Tax Asset as part of the balance sheet and includes expected profit in future premiums.	Deferred tax assets are not reported on the BEGAAP balance sheet.
Property, plant and equipment held for own use	Under Solvency II the asset value includes a dilapidation amount anticipating the future refurbishing cost of the premises that Lloyds Insurance Company is renting, due on leaving the premises at the end of the rent contract, as well as the value of our lease agreements. These will be amortised straight-line over the lease periods.	In BEGAAP only a liability provision is progressively set up on a straight-line basis to account for the dilapidation amount, and fixed assets are included and amortised over their useful lifetime.
Investments (other than assets held for index-linked	Bonds are valued at market value with the accrued interest included in the value of the bond. Equities and investment funds are valued at market value. Money Market Funds are	Bonds are valued at amortised cost with accrued interest reported separately under, "any other assets, not elsewhere shown". Equities and Investment funds are valued at acquisition value.

and unit-linked contracts)	considered as collective investments undertakings under Solvency II and included within investments, valued at their fair value.	
Reinsurance recoverables from: Non-life and health similar to non-life	On a Solvency II basis, this balance presents the net of cash inflows with respect to recoveries on business bound at the reporting date and cash outflows with respect to premiums payable on outwards reinsurance arrangements, including reinsurer bad debt, in respect of bound business.	The BEGAAP balance sheet presents the reinsurer's share of the unearned premium reserve and claims provisions relating to reinsurance of direct business.
Insurance and intermediaries' receivables	These represent all debtor cash flows related to premiums which are past due. Balances which are not past due are deemed to be future cash flows and reclassified as part of the technical provisions.	This asset category primarily relates to premium and policy holder tax which is valued at the nominal or acquisition value. Impairments are registered as required to reflect the uncertainties of their recovery. This also includes the control accounts in respect of direct settlement accounts set up for the Part VII portfolio.
Reinsurance receivables	Solvency II amounts receivable from the reinsurers in respect of overdue premiums we will pay to them, are valued considering commissions and other charges. All other items are valued at the nominal or acquisition value in line with the BEGAAP valuation.	This asset category relates to commissions, policy holder taxes and other charges which are valued at the nominal or acquisition value. Impairments are registered to reflect the uncertainties of their recovery. This also includes the control accounts in respect of reinsurance settlement accounts set up for the Part VII portfolio.
Receivables (trade, not insurance)	Does not include pre-paid rent and taxes.	This asset category includes pre-paid expenses and VAT, which are valued at the nominal or acquisition value. Impairments are registered to reflect the uncertainties of their recovery.
Cash and cash equivalents	Cash and cash equivalents are monies held as cash on hand, cash and short-term deposits held on call with banks. Such balances are held at fair value under Solvency II. The difference between BEGAAP value is due to the classification of negative balances under "Debts owed to credit institutions".	Under BEGAAP Money Market Funds are considered as cash equivalent. There are no differences from the SII valuation basis.
Any other assets, not elsewhere shown	Does not include any accrued interest, this is included in the market price of the investments.	Includes accrued interest under Belgian GAAP and the value of the cash suspense account and suspense account in respect settlement accounts set up for the Part VII portfolio.

At the reporting date the Company's investments of 714,248 kEUR were held in 26% government bonds, 35% corporate bonds and 39% collective investment undertakings which includes both investment funds and money market funds. LIC's asset allocation targets 30% equities and a non-EUR currency allocation of 35%. The Company does not provide any guarantees.

D.2 Technical provisions

The Actuarial Function holder is responsible for the oversight of the calculation of technical provisions.

The technical provisions net of reinsurance as at 31 December 2024 are 97,226 kEUR. The table below lists the Company's technical provisions by line of business.

Table D.3: Technical provisions by line of business as at year end 2024

	Solvency II Line of Business	Gross Best Estimate kEUR	Recoveries kEUR	Net Best Estimate kEUR	Risk Margin kEUR	Total Net Technical Provisions kEUR
Direct Business and Accepted Proportional Reinsurance	Medical expense insurance	14,586	14,620	(35)	174	140
	Income protection insurance	171,221	171,133	89	1,889	1,977
	Workers' compensation insurance	281,477	280,289	1,188	2,781	3,970
	Motor vehicle liability insurance	5,122	5,092	30	48	78
	Other motor insurance	89,785	89,572	213	935	1,148
	Marine, aviation and transport insurance	2,254,393	2,247,880	6,513	23,143	29,656
	Fire and other damage to property insurance	644,245	645,169	(924)	7,472	6,548
	General liability insurance	3,245,896	3,238,355	7,541	33,887	41,428
	Credit and suretyship insurance	582,908	585,950	(3,042)	7,403	4,360
	Legal expenses insurance	2,556	2,552	4	27	32
	Assistance	-	-	-	-	-
	Miscellaneous financial loss	121,704	121,494	211	1,291	1,502
Accepted Non-Proportional Reinsurance	Non-proportional health reinsurance	22,566	22,499	67	231	298
	Non-proportional casualty reinsurance	74,765	74,454	311	739	1,049
	Non-proportional marine, aviation and transport reinsurance	136,801	136,199	601	1,342	1,943

	Gross Best Estimate €'000	Recoveries €'000	Net Best Estimate €'000	Risk Margin €'000	Total Net Technical Provisions
Non-proportional property reinsurance	232,875	232,150	724	2,374	3,098
Total Non-Life obligation	**7,880,898**	**7,867,408**	**13,490**	**83,736**	**97,226**

Table D.4: Technical provisions total at year end 2023

	Gross Best Estimate €'000	Recoveries €'000	Net Best Estimate €'000	Risk Margin €'000	Total Net Technical Provisions
Total Non-Life obligation	**7,361,817**	**7,344,404**	**17,412**	**77,423**	**94,835**

The decrease in net best estimate is predominantly driven by an increase in ceding commissions from premium to be received. The increase in risk margin is predominantly driven by the increase in LIC's SCR as a result of the increased value of investments and increased counterparty exposures. Overall this leads to an increase in net technical provisions.

D.2.1 Best estimate

D.2.1.1 Best estimate

The best estimate represents the probability weighted average of all future cash flows from bound contracts. A valuation of the best estimate is required for both the business that was transferred to LIC under the Part VII scheme effective 30 December 2020, referred to as the 'Part VII' liabilities, as well as the business written through LIC since 1 January 2019, referred to as the 'BAU' liabilities.

These best estimates are calculated through a multi-stage reserving process which utilises the available historic premium and claims data, which can be summarised as:

1. A full reserving process ground up calculation of Unpaid Claims Reserves on a best estimate basis at valuation date, 30 September 2024
2. A roll-forward exercise to calculate the value of the claims reserves at the reporting date 31 December 2024. This stage of the process also includes an estimate for any specific IBNR required at the valuation date.
3. Additional elements required for Solvency II technical provisions are calculated, consisting of a provision for Events Not In Data (ENIDs), bound but not incepted policies, an allowance for discounting, a Solvency II expense provision, future reinsurance premiums, ceding commissions, reinsurance recoverables and bad debt

An exercise was undertaken to identify an appropriate granularity of homogeneous risk groupings, referred to as Reserving Cohorts, to enable appropriate reserving processes to be performed within LIC. The Reserving Cohorts are defined based on an aggregation of risk codes, a common but granular grouping of policies used in the Lloyd's market and Corporation of Lloyd's.

The claims are further split into two high-level groupings based upon size, known as attritional and non-attritional claims, for which separate calculation methodologies are employed. For premiums and attritional claims standard actuarial valuation techniques are used. For the non-attritional claims a bespoke frequency and severity model is used.

An allowance is additionally made for ENIDs to reflect potential adverse claims' experience not included in historical claims data.

A Solvency II expense provision is required, predominately for overhead expenses incurred in servicing insurance obligations, arising from contracts bound at the valuation date. The value of the expense reserve should correspond to the amount which another insurance or reinsurance undertaking would be expected to require to take over and fulfil the underlying insurance and reinsurance obligations.

An allowance for the bound but not incepted (BBNI) premium as at year end 2024 is included.

The future cash flows are discounted by applying risk-free yield curves by currency.

Future reinsurance premiums, ceding commissions and recoverables have been estimated by applying the applicable reinsurance arrangements to projected gross premiums and claims. The company has reinsurance agreements with approximately 100 Syndicates who form part of the Lloyd's market, which are 100% quota share agreements. Therefore, the reinsurance recoverable includes 100% of the claims and premium provisions claims cost.

The company does not have any arrangements with special purpose vehicles and hence technical provisions are not adjusted for recoveries from such vehicles.

No significant simplifications have been used to calculate the best estimate technical provisions.

D.2.1.2 Risk margin

Technical provisions include a risk margin to ensure that the value of the technical provisions is equivalent to the amount that an insurer would be expected to require taking over the insurance obligations of the company. In calculating the risk margin, Simplified Method 2 is applied, as outlined in Guideline 62, "Hierarchy of methods for the calculation of the risk margin" of EIOPA's "Guidelines on the Valuation of Technical Provisions". Methods 3 or 4 are not run in accordance with the hierarchy of methods as are too simplistic given Method 2 is applicable. In calculating technical provisions, none of the other simplifications provided in the Solvency II Delegated Acts have been used.

D.2.2 Uncertainty

The projected ultimate claims are subject to inherent uncertainty due to various reasons, including but not limited to, the normal variation in claims experience from year to year, the actuarial methods used, actuarial judgement applied, and that the ultimate claims valuation can change based upon new information which arises over time. LIC have estimated the level of volatility around the reserve projection and therefore the uncertainty in the gross claim ultimates, which gives an insight into this primary element of uncertainty.

However, all uncertainty in claim related elements of the technical provisions is mitigated by the 100% reinsurance protections that are in place.

D.2.3 Key differences between valuation for Solvency II and the Company's annual financial statements.

Table D.5: Summarised valuation differences between Solvency II and the Company's annual financial statements.

Item	Solvency II Valuation	Financial Reporting Valuation
Contract Recognition	Technical provisions include all contracts which were bound at the valuation date.	Financial reporting only recognises contracts that have incepted at the valuation date.
Technical Provision	The best estimate represents the probability weighted average of all future cash flows from bound contracts. Include an explicit risk margin, as prescribed by Solvency II regulations.	Unearned premium reserve is calculated from the gross written premium and does not assess the economic value of these unearned premiums. Claim Provisions include an additional margin in the statutory accounts, however unlike the Solvency II valuation excludes. Discounting Events Not in Data (ENIDs) Future premiums An expense provision other than for direct claim fees

Apart from the differences above, there would not be any material differences between the bases, methods and main assumptions used by for the valuation for solvency purposes and those used for valuation in financial statements.

Because of the nature of the company's business set-up, it does not apply any of the following as provided in the Solvency II Delegated Acts:

- Matching adjustment
- Volatility adjustment
- Transitional risk-free rate structure volatility adjustment and
- Transition deduction

D.3 Other liabilities

Under Solvency II the company values other liabilities at fair value, being the amount which an asset could be exchanged between knowledgeable, willing parties using market consistent valuation methods. Under BEGAAP the company values liabilities at the nominal value.

The company operates a defined contribution pension scheme. There were no changes made to the recognition and valuation bases used or on estimations during the reporting period.

D.3.1 Key differences between valuation for Solvency II and financial reporting

Table D.6: Summarised valuation basis between Solvency II and the Company's annual financial statements (BEGAAP).

Item	Solvency II Valuation	Financial Reporting Valuation
Provisions other than technical provisions	Includes an allowance for re-structuring costs.	Includes estimated redundancy costs.
Pension benefit obligations	Under Solvency II the entire liability is booked, which at year end equates to the contributions yet to be invested plus the cost of the legal obligation related to a minimum return guarantee for Belgian defined contribution pension schemes.	There are no differences from SII valuation basis.
Deposits from reinsurers	Such balances are held at fair value under Solvency II.	Balances are held at fair value. Does not include the suspense account in respect settlement accounts set up for the Part VII portfolio.
Debts owed to credit institutions	These balances are held at fair value under Solvency II.	There is no difference in the valuation basis between Solvency II and BGAAP, the difference is that these liabilities are included under the asset item "Cash and cash equivalents" in the BGAAP balance sheet.
Financial liabilities other than debts owed to credit institutions	Under Solvency II the liability value includes a dilapidation amount anticipating the future refurbishing cost of the premises that Lloyds Insurance Company is renting, due on leaving the premises at the end of the rent contract, as well as the liability value of our lease agreements.	There are no items classified here under the BEGAAP balance sheet.
Insurance & intermediaries payables	Solvency II amounts payables in respect of overdue premiums are valued considering commissions and other charges.	This liability category relates to commissions and other charges which are valued at the nominal or acquisition value.
Reinsurance payables	These represent all reinsurance cash flows related to direct premiums which are past due. Balances which are not past due are deemed to be future cash flows and reclassified as part of the reinsurance recoverables.	This liability category primarily relates to reinsurance of premium and policy holder tax which is valued at the nominal or acquisition value.
Payables (trade, not insurance)	Solvency II payables are valued on the same basis as BEGAAP. The difference is due to an inter-Company debt classified under "Any other liabilities, not	Payables are recorded on an accruals basis.

	elsewhere shown" in the Solvency II balance sheet, and policy holder taxes payable are excluded and subsequently included as part of the technical provisions calculation and pre-paid taxes not included under Solvency II.	
Deferred tax liability	Solvency II recognises deferred tax liability as part of the balance sheet.	Deferred tax liabilities are not reported on the BEGAAP balance sheet.
Any other liabilities, not elsewhere shown	Payable relating to an inter-company debt, recorded on an accruals basis.	This liability category relates to deferred reinsurance commissions which are valued at the nominal or acquisition value. Impairments are registered to reflect the uncertainties of their recovery. This deferral follows the same pattern as unearned premium therefore reinsurance commission is earned following the same pattern as the premiums they related to. Planned dividend is also included in accordance with BEGAAP valuation rules.

D.4 Alternative methods for valuation

The company does not use any alternative methods for valuation.

D.5 Any other information

The company does not have any other material information to disclose regarding valuation for solvency purposes.

E. CAPITAL MANAGEMENT

E.1 Own funds

E.1.1 Objective, policies and processes for managing own funds

The company aims to maintain sufficient own funds to cover its Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR). The amount of excess funds held will be reviewed on an ongoing basis. The company holds excess funds to absorb potential volatility in SCR coverage and to absorb risks not included in the SCR, such as strategic risk, and monitors coverage of the SCR and MCR on a quarterly basis. The company considers its objectives for managing its own funds as part of its annual ORSA process, which is based on a three-year business plan.

The CRO and CFO report to the Board on the level of eligible own funds and the ratio of cover over the SCR and MCR. Ultimate responsibility for maintenance of own funds lies with the Board of Directors.

There were no distributions made to shareholders in the year, however a dividend of 40,000 kEUR is foreseeable in relation to the results of the 2024 financial year.

The structure of the available own funds has not changed since the previous reporting period. Basic own funds consist of Tier 1 unrestricted own funds except for the net deferred tax asset included under Tier 3 own funds. In addition 200,000 kEUR of ancillary own funds through a letter of credit facility are available which form Tier 2 own funds.

The primary objective of LIC’s Capital Management is to ensure continued compliance with regulatory capital requirements and that LIC maintains a level of capital that protects its viability. This is achieved with the following principles:

- A target capital level is defined which includes a buffer over the SCR against which the quarterly SCR ratio is monitored
- The SCR is calculated according to the Solvency II Standard Formula
- The capital position is continuously managed
- The SCR and MCR should never be breached

E.1.2 Own funds classification

As at 31 December 2023, the company’s basic own funds are 601,973 kEUR, comprised of issued share capital of 557,972 kEUR in ordinary share capital, a reconciliation reserve of 30,671 kEUR and a net deferred tax asset of 13,329 kEUR. These own funds are available as Tier 1 unrestricted own funds, except the net deferred tax asset classified as Tier 3.

In addition ancillary own funds of 200,000 kEUR have been made available through a letter of credit facility which forms Tier 2 capital to meet both SCR and MCR requirements. This facility has been issued to LIC by Barclays Bank Ireland PLC, is irrevocable and was approved by the NBB on 27 October 2020 as recognisable as Tier 2 supplementary capital for a period of five years commencing 6 November 2020.

The company does not have any Tier 1 own funds that fall within the following categories:

- paid-in subordinated mutual member accounts
- paid-in preference shares and the related share premium account
- paid-in subordinated liabilities valued in accordance with Article 75 of Directive 2009/138/EC

None of the company’s own funds are subject to transitional arrangements. Furthermore, the company has not deducted any items from its own funds.

Table E.1: LIC's sources of funds on a Solvency II basis

Basic Own Funds	Tier 1 – unrestricted kEUR	Tier 2 kEUR	Tier 3 kEUR	Total kEUR
Ordinary share capital (gross of own shares)	557,972	-	-	557,972
Reconciliation reserve	30,671	-	-	30,671
An amount equal to the value of net deferred tax assets	-	-	13,329	13,329
Total basic own funds after deductions	588,643	-	13,329	601,973
Total ancillary own funds	-	200,000	-	200,000
Total available own funds to meet the SCR	588,643	200,000	13,329	**801,973**
Total available own funds to meet the MCR	588,643	-	-	588,643
Total eligible own funds to meet the SCR	588,643	177,668	-	**766,311**
Total eligible own funds to meet the MCR	588,643	-	-	588,643
SCR	-	-	-	**355,336**
MCR	-	-	-	88,834
Ratio of Eligible own funds to SCR				**216%**
Ratio of Eligible own funds to MCR				663%

LIC has Paid in Ordinary Share Capital of 557,972 kEUR. The reconciliation reserve at 31 December 2024 was 30,671 kEUR. Tier 1 own funds of 588,643 kEUR are eligible in full to meet both the Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR) and a Letter of Credit that is classified as a Tier 2 that amounts to 200,000 kEUR.

E.1.3 Eligible amount of own funds to cover the Solvency Capital Requirement, classified by tiers

The company's Own Funds are represented by 588,643 kEUR Tier 1 unrestricted, and 177,668 kEUR Tier 2. Table E.1 above shows the eligible amounts available to cover the SCR.

E.1.4 Eligible amount of own funds to cover the Minimum Capital Requirement, classified by tiers

The company's Own Funds are represented by 588,643 kEUR Tier 1 unrestricted. Table E.1 above shows the eligible amount available to cover the MCR.

E.1.5 Reconciliation of BEGAAP own funds to Solvency II own funds

Table E.2: Composition of reconciliation reserve, based on difference between own funds in BEGAAP and available own funds according to the Solvency II standard formula

			kEUR
A	**Belgian GAAP Own Funds**		653,176
B	**Differences between Solvency II and BEGAAP balance sheet and valuations**	Any other assets, not elsewhere shown	(26,938)
C		Insurance and intermediaries receivables	(1,264,926)
D		Intangible assets	(781)
E		Investments (other than assets held for index-linked and unit-linked contracts)	109,970
F		Reinsurance receivables	(384,061)
G		Reinsurance recoverables from: Non-life and health similar to non-life	(3,505,350)
H		Other Assets	(161,288)
I		Any other liabilities, not elsewhere shown	(95,174)
J		Best Estimate	(3,491,860)
K		Insurance & intermediaries payables	(350,097)
L		Payables (trade, not insurance)	(19,728)
M		Reinsurance payables	(1,342,994)
N		Risk margin	83,736
O		Other Liabilities	7,276
P	**Asset over Liabilities Sol II: A+B+C+D+E+F+G+H-I-J-K-L-M-N-O**		628,643
Q		Deferred tax assets	13,329
R	**Sol II Own Funds: P+Q**		**641,973**
S	Total of reserves and retained earnings from financial statements		95,204
T	SII Foreseeable Dividend		(40,000)
U	Differences between BEGAAP and Sol II: P-A		(24,533)
V	**Reconciliation reserve: S+T+U**		30,671

Solvency II Guidelines on “Reporting and public disclosure” require disclosure in this section 5.1 of information about any additional solvency ratios reported other than those included in template S.23.01. No such additional solvency ratios are reported.

E.1.5.1 Deferred tax assets (DTA) and Deferred tax liability (DTL)

As at 31 December 2024, LIC's DTA amounts to 13,329 kEUR and LIC's DTL amounts to 24,174 kEUR.

The Deferred tax asset and liability arise due to the valuation basis difference between the Solvency II and BEGAAP balance sheets. This does not include an allowance for the difference based on the Solvency II Risk margin included in the Technical Provisions, excluded considering guidance in the NBB circular with reference NBB_2022_27, or the difference based on the dividend included in the BEGAAP liabilities. Furthermore, considering the timing of cash flows the income related to future premium contained within the Solvency II Technical Provisions has been considered separately and not netted of the DTA described above.

LIC has 200,000 kEUR of Tier 2 capital of which 177,668 kEUR is eligible as own funds to meet the SCR, as the amount of tier 2 is greater than the prescribed allowable limit of 50% of the SCR. The net deferred tax asset is available as basic own funds and classified as Tier 3 of which 0 kEUR is eligible as own funds to meet the SCR, as the amount of tier 3 is less than the prescribed limit of 15% x SCR however the combined amount of Tier 2 and Tier 3 is greater than the maximum prescribed limit of 50% x SCR.

As a 100% reinsured insurance company, LIC's principal source of income is the reinsurance commission based on earned premium.

LIC's forecasted profit and loss account over the next three to five years demonstrates the probability that future taxable profit will be available against which the deferred tax asset can be offset. The local tax rules and limits are considered in making this assessment.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

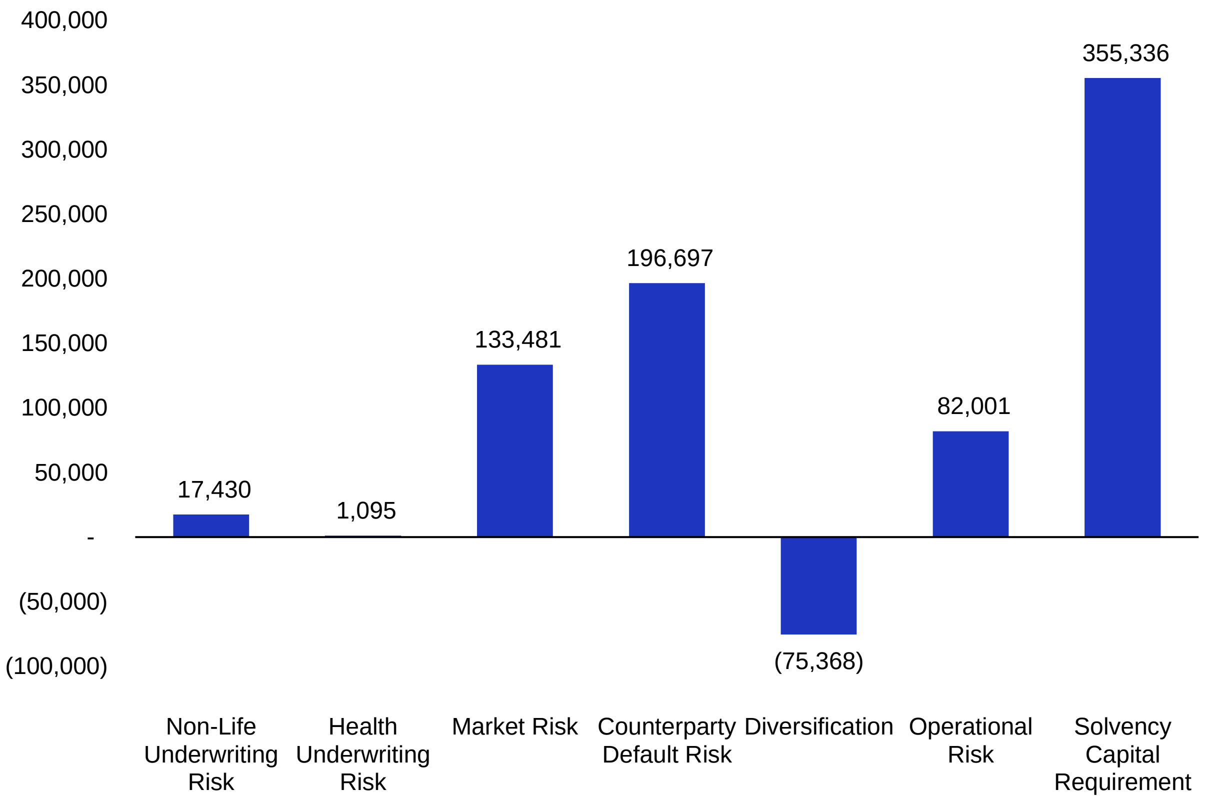
The company's Standard Formula Solvency Capital Requirement as at 31 December 2024 is 355,336 kEUR. The SCR is designed to absorb the loss resulting from the occurrence of a 1-in-200-year loss event over the next 12 months. The company uses the Standard Formula specified by EIOPA to estimate SCR. This models insurance, market, credit, and operational risk, and takes account of the company's outwards reinsurance programmes. The company's SCR calculation includes the use of a simplification provided by the Solvency II Delegated Acts 2019 update for the natural catastrophe risk sub-module within the underwriting module. It requires the map of the sum insured by risk zones which LIC uses where available. Where this granularity is not available LIC uses the simplified calculation of the sum insured for natural catastrophe risks as stated in the *Article 90b* from the *Commission Delegated Regulation (EU) 2019/981, 2019,* which is based on a maximum risk weight approach.

Table E.3: This table provides a breakdown of the company's Solvency Capital Requirement by risk module and Coverage Ratio as at 31 December 2024

	kEUR
Non-Life Underwriting Risk	17,430
Health Underwriting Risk	1,095
Market Risk	133,481
Counterparty Default Risk	196,697
Undiversified BSCR	348,704
Diversification Credit	(75,368)
Basic SCR	**273,336**
Operational Risk	82,001
Basic SCR + Operational Risk	355,336

Loss-Absorbing Capacity of Deferred Tax Liabilities	-
Final SCR	**355,336**
Eligible Own Funds	766,311
SCR Ratio	**216%**

Chart E.4: Breakdown of company's Solvency Capital Requirement by risk module kEUR



In addition to the SCR, the MCR is also required to be calculated. This is lower than the SCR and is designed to correspond to a solvency level below which policyholders and beneficiaries would be exposed to an unacceptable level of risk if the insurer could continue its operations. MCR as at the report date was 88,834 kEUR.

Table E.5: The following table is an extract from form S28.01

Item	**kEUR**
Linear MCR	2,011
SCR	355,336
MCR cap	159,901
MCR floor	88,834
Combined MCR	88,834
Absolute floor of the MCR	4,000
Minimum Capital Requirement	88,834

Basic Own Funds is the excess of assets over liabilities as determined by the Solvency II balance sheet. The company's own funds include Tier 1 unrestricted funds, Tier 2 and Tier 3 without imposed capital add-ons. Throughout the period the company has eligible own funds available to meet the SCR and MCR. The own funds ratio to SCR and MCR at the reporting period end are 216% and 663%, respectively.

The company has not used any undertaking-specific parameters in calculating the SCR using the Standard Formula.

In calculating the MCR, the company has used the following approach:

- A linear MCR based on the net of reinsurance best estimate technical provisions and the net written premiums in the last 12 months.
- A floor of 25% of the SCR and a cap of 45% of the SCR is applied.
- An absolute floor of 4,000 kEUR is applied to calculate the overall MCR requirement.

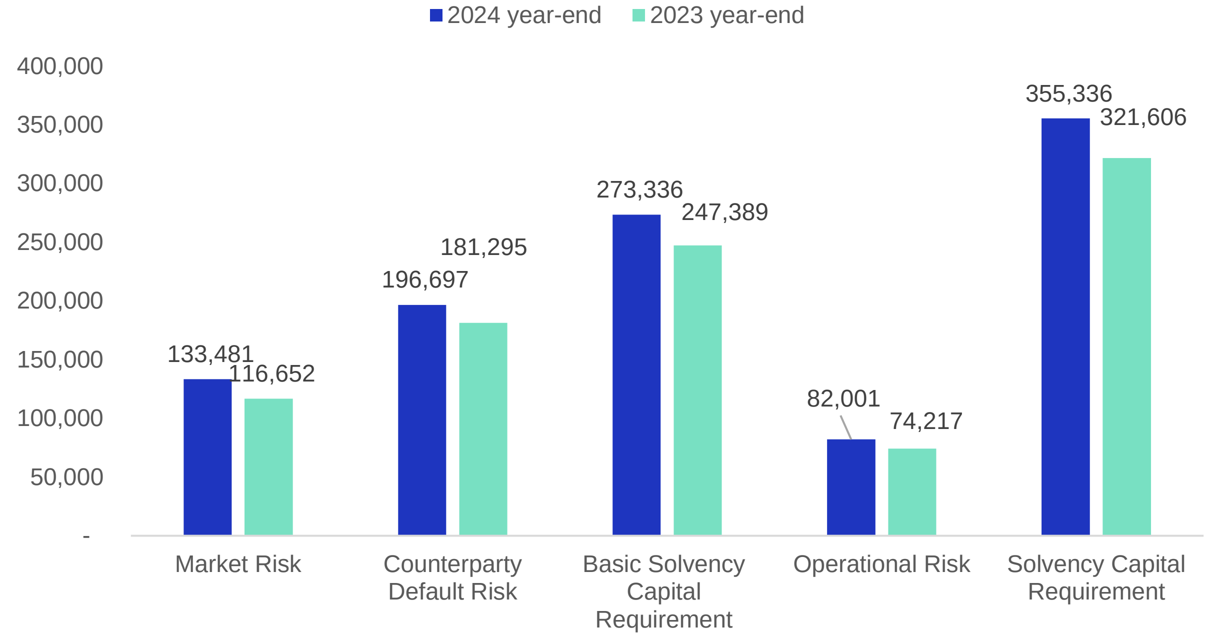
The following table shows how the SCR by risk category has evolved compared to the SCR for the year end 2023 reporting period. The increase observed relates to an increase in market risk driven by the increased size of the investment portfolio, and increase in counterparty default risk following an increase in gross reserves.

The other risks have not changed materially except in the case of operational risk which as a set proportion of the basic solvency capital requirement reduces in line with the underlying risks.

Table E.6: SCR and MCR comparison against previous reporting period

Risk module	**2024 year-end kEUR**	**2023 year-end kEUR**
Market risk	133,481	116,652
Counterparty default risk	196,697	181,295
Life underwriting risk	-	-
Health underwriting risk	1,095	1,032
Non-life underwriting risk	17,430	15,656
Diversification	(75,368)	(67,247)
Basic Solvency Capital Requirement	273,336	247,389
Operational Risk	82,001	74,217
Solvency Capital Requirement	355,336	321,606
Minimum Capital Requirement	88,834	80,402

Chart E.7: SCR comparison against previous reporting period (kEUR)



E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

The company did not make use of the duration-based equity sub-module in the reporting during the reporting period.

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

The company uses the Standard Formula to calculate its Solvency Capital Requirement. Therefore, no differences exist.

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

The company complied with the Solvency II Minimum Capital Requirement and Solvency Capital Requirement throughout the reporting period. The company held Own Funds in excess of both the Minimum Capital Requirement and Solvency Capital requirement throughout the reporting period.

E.6 Any other information

LIC does not have any other material information to disclose regarding capital management.

F. ANNEX

F.1 Glossary of terms

Table F.1: This table provides a description of each abbreviation referred to throughout the document.

Abbreviation	Description
BBNI	Bound But Not Incepted
BEGAAP	Belgian General Accepted Accounting Principles
CCO	Chief Compliance Officer
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CMDO	Chief Market Development Officer
COO	Chief Operating Officer
COSO	Committee of Sponsoring Organizations
CQS	Credit Quality Step
CRO	Chief Risk Officer
CUO	Chief Underwriting Officer
EEA	European Economic Area
EIOPA	European Insurance and Occupational Pensions Authority
EU	European Union
ENIDs	Events Not in Data
FSMA	Financial Services and Markets Authority
FTE	Full Time Employee
ICS	Internal Control System
ManCo	Management Committee
MCR	Minimum Capital Requirement
NBB	National Bank of Belgium
NSLT	Non-Similar to Life Techniques
ORSA	Own Risk and Solvency Assessment
Part VII	A legal transfer of insurance business from one company to another governed by Part VII of the UK Financial Services and Markets Act 2000
PRA	UK Prudential Regulatory Authority

QRR	Quarterly Risk Report
RCSA	Risk and Control Self-Assessment
RESOG	Report on the Effectiveness of the System of Governance
RIR	Risk Incident Reporting
RSR	Regular Supervisory Report
SCR	Solvency Capital Requirement
SFCR	Solvency and Financial Condition Report
SoGA	System of Governance
SSTs	Stress and Scenario Tests
STFO	Settlement and Trust Fund Operations

F.2 Résumé

Le rapport sur la solvabilité et la situation financière (SFCR) de Lloyd’s Insurance Company (LIC) au 31 décembre 2024 a été préparé conformément à l'article 51 de la directive Solvabilité II (2009/138/CE), aux articles 290 à 298 du règlement délégué de la Commission (UE) 2015/35, et au règlement d'exécution de la Commission (UE) 2023/895. Tous les chiffres sont présentés en EUR 000 (kEUR) sauf indication contraire.

Événements significatifs

Les événements importants survenus au cours de la période de référence sont :

- Un règlement transactionnel avec la FSMA
- La révocation de la liberté d'établissement en Lituanie et à Malte
- Des changements dans la structure de gouvernance
- L'évolution des provisions pour les sinistres liées au conflit en Ukraine

Performance de souscription

Les primes en 2024 de 4 381 603 kEUR ont diminué par rapport à 2023 de 4 480 944 kEUR. En 2024, la compagnie n'a pas connu de nouveaux sinistres ou à des accumulations de sinistres excessivement importants, mais la détérioration des événements de l'année précédente a conduit à un ratio combiné brut de 95 %.

Performance des investissements

À la date de référence, les investissements de la société de 714 248 kEUR étaient détenus en 26% d'obligations gouvernementales, 35% d'obligations d'entreprises, 39% d'organismes de placement collectif, incluant à la fois des fonds d'investissement et des fonds monétaires. Un gain net de 52 475 kEUR a été réalisé sous Solvabilité II.

Profil de risque

L'exigence de capital de solvabilité est calculée en utilisant la formule standard comme indiqué dans le règlement délégué 2015/35. En raison du modèle commercial de réassurance à 100% de LIC, le risque de défaut de contrepartie est le plus grand contributeur au profil de risque avec une charge de risque autonome de 196 697 kEUR, suivi par le risque de marché avec 133 481 kEUR. Le SCR global pour LIC est de 355 336 kEUR.

Fonds propres et ratio de solvabilité

Au 31 décembre 2024, la société dispose de fonds propres de base de 601 973 kEUR avec des fonds propres auxiliaires supplémentaires de 200 000 kEUR mis à disposition par une lettre de crédit. Il en résulte des fonds propres disponibles de 801.973 kEUR, des fonds propres éligibles pour couvrir le SCR de 766.311 kEUR, et un ratio de couverture de la solvabilité de 216%.

Objectifs commerciaux

Les objectifs commerciaux de LIC visent à maintenir sa position parmi les principaux assureurs spécialisés dans l'EEE. L'objectif principal de LIC est de renforcer son importance et son impact dans l'EEE. À cet égard, LIC cherchera à croître de manière durable, tout en restant rentable, et à augmenter les volumes d'affaires en Europe. De plus, LIC continuera à donner la priorité à ses canaux de distribution, facilitant ainsi les affaires avec LIC. La réalisation réussie de ces deux objectifs soutiendra le développement d'une plateforme d'assurance offrant une valeur supérieure à nos clients et partenaires de distribution. L'objectif de souscription de LIC est de garantir la rentabilité des activités et des domaines d'activité qui créent de la valeur à pour nos clients et parties prenantes, en privilégiant autant que possible les lignes spécialisées

- qui font la renommée du marché du Lloyd's. Du point de vue de la distribution, LIC continue de travailler avec ses principaux groupes de parties prenantes - courtiers, cover holders et gestionnaires de risques.

F.3 Quantitative Reporting Templates (QRT) at 2024 year-end

The following QRT templates, applicable to the company, are required for the Solvency and Financial Condition Report.

The reporting currency is Euro and is presented in thousands of units.

Table F.2: QRT List

S.02.01.02	Balance Sheet
S.04.05.21	Premiums, claims and expenses by country
S.05.01.02	Premiums, claims and expenses by line of business
S.17.01.02	Non-Life Technical Provisions
S.19.01.21	Non-Life insurance claims
S.23.01.01	Own Funds
S.25.01.21	Solvency Capital Requirement
S.28.01.01	Minimum Capital Requirement

F.3.1 S.02.01.02 Balance Sheet

		Solvency II value
		C0010
Assets		
Intangible assets	**R0030**	-
Deferred tax assets	**R0040**	13,329
Pension benefit surplus	**R0050**	-
Property, plant & equipment held for own use	**R0060**	2,922
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	714,248
Property (other than for own use)	**R0080**	-
Holdings in related undertakings, including participations	**R0090**	-
Equities	**R0100**	-
Equities - listed	**R0110**	-
Equities - unlisted	**R0120**	-
Bonds	**R0130**	437,734
Government Bonds	**R0140**	185,068
Corporate Bonds	**R0150**	252,666
Structured notes	**R0160**	-
Collateralised securities	**R0170**	-
Collective Investments Undertakings	**R0180**	276,513
Derivatives	**R0190**	-
Deposits other than cash equivalents	**R0200**	-
Other investments	**R0210**	-
Assets held for index-linked and unit-linked contracts	**R0220**	-
Loans and mortgages	**R0230**	-
Loans on policies	**R0240**	-
Loans and mortgages to individuals	**R0250**	-
Other loans and mortgages	**R0260**	-
Reinsurance recoverables from:	**R0270**	7,867,408
Non-life and health similar to non-life	**R0280**	7,867,408
Non-life excluding health	**R0290**	7,378,867
Health similar to non-life	**R0300**	488,541
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**	2,060,650
Reinsurance receivables	**R0370**	584,138
Receivables (trade, not insurance)	**R0380**	28,130
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**	170,474
Any other assets, not elsewhere shown	**R0420**	-
Total assets	**R0500**	11,441,298
		C0010
Liabilities		
Technical provisions – non-life	**R0510**	7,964,634
Technical provisions – non-life (excluding health)	**R0520**	7,469,709
Technical provisions calculated as a whole	**R0530**	-
Best Estimate	**R0540**	7,391,048
Risk margin	**R0550**	78,660
Technical provisions - health (similar to non-life)	**R0560**	494,926
Technical provisions calculated as a whole	**R0570**	-
Best Estimate	**R0580**	489,850
Risk margin	**R0590**	5,076
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	-
Technical provisions - health (similar to life)	**R0610**	-
Technical provisions calculated as a whole	**R0620**	-
Best Estimate	**R0630**	-
Risk margin	**R0640**	-
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	-
Technical provisions calculated as a whole	**R0660**	-
Best Estimate	**R0670**	-
Risk margin	**R0680**	-
Technical provisions – index-linked and unit-linked	**R0690**	-
Technical provisions calculated as a whole	**R0700**	-
Best Estimate	**R0710**	-
Risk margin	**R0720**	-
Other technical provisions	**R0730**	-
Contingent liabilities	**R0740**	-

Provisions other than technical provisions	**R0750**	950
Pension benefit obligations	**R0760**	1,353
Deposits from reinsurers	**R0770**	132,221
Deferred tax liabilities	**R0780**	24,174
Derivatives	**R0790**	-
Debts owed to credit institutions	**R0800**	-
Financial liabilities other than debts owed to credit institutions	**R0810**	8,436
Insurance & intermediaries payables	**R0820**	526,396
Reinsurance payables	**R0830**	2,060,650
Payables (trade, not insurance)	**R0840**	60,322
Subordinated liabilities	**R0850**	-
Subordinated liabilities not in Basic Own Funds	**R0860**	-
Subordinated liabilities in Basic Own Funds	**R0870**	-
Any other liabilities, not elsewhere shown	**R0880**	20,189
Total liabilities	**R0900**	10,799,326
Excess of assets over liabilities	**R1000**	641,973

F.3.1 S.04.05.21 Premiums, claims and expenses by country

		Home Country	Top 5 countries: non-life				
		Belgium	Germany	France	Ireland	Italy	Netherlands
		C0010	C0020	C0030	C0040	C0050	C0060
Premiums written (gross)							
Gross Written Premium (direct)	**R0020**	99,158	441,863	502,617	483,110	468,652	411,945
Gross Written Premium (proportional reinsurance)	**R0021**	4,631	47,733	8,119	13,751	9,395	7,477
Gross Written Premium (non-proportional reinsurance)	**R0022**	13,254	175,613	14,554	4,584	457	16,706
Premiums earned (gross)							
Gross Earned Premium (direct)	**R0030**	90,880	422,101	470,227	450,790	466,590	365,823
Gross Earned Premium (proportional reinsurance)	**R0031**	3,650	43,138	9,562	18,063	11,295	7,484
Gross Earned Premium (non-proportional reinsurance)	**R0032**	13,580	184,808	15,992	3,077	446	14,148
Claims incurred (gross)							
Claims incurred (direct)	**R0040**	5,845	232,780	190,172	968,404	275,183	406,621
Claims incurred (proportional reinsurance)	**R0041**	1,175	(51,044)	(16,376)	3,801	7,147	642
Claims incurred (non-proportional reinsurance)	**R0042**	2,381	25,501	11,792	252	(122)	2,137
Expenses incurred (gross)							
Gross Expenses Incurred (direct)	**R0050**	22,005	89,948	106,841	88,590	126,370	92,518
Gross Expenses Incurred (proportional reinsurance)	**R0051**	955	9,209	1,263	1,944	2,319	1,373
Gross Expenses Incurred (non-proportional reinsurance)	**R0052**	1,476	18,369	1,492	569	57	1,828

F.3.2 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
		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	Health	Casualty	Marine, aviation, transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written																		
Gross - Direct Business	**R0110**	19,878	139,788	52,400	(0)	56,679	1,038,304	588,388	1,441,901	412,472	3,133	-	40,997					3,793,942
Gross - Proportional reinsurance accepted	**R0120**	1,545	14,920	(54)	(398)	(80)	105,591	165,816	54,034	(606)	(0)	-	(478)					340,292
Gross - Non-proportional reinsurance accepted	**R0130**													2,601	24,762	60,002	160,005	247,370
Reinsurers' share	**R0140**	21,423	154,708	52,346	(398)	56,599	1,143,895	754,205	1,495,935	411,866	3,133	-	40,520	2,601	24,762	60,002	160,005	4,381,603
Net	**R0200**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Premiums earned																		
Gross - Direct Business	**R0210**	16,910	128,212	52,343	(0)	54,802	1,024,980	532,579	1,419,814	336,524	2,883	-	51,043					3,620,089
Gross - Proportional reinsurance accepted	**R0220**	1,044	13,648	49	(398)	(80)	92,074	152,336	57,774	2,293	(0)	-	(200)					318,540
Gross - Non-proportional reinsurance accepted	**R0230**													5,832	24,709	59,357	168,456	258,354
Reinsurers' share	**R0240**	17,954	141,859	52,391	(398)	54,722	1,117,054	684,915	1,477,589	338,818	2,883	-	50,842	5,832	24,709	59,357	168,456	4,196,983
Net	**R0300**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims incurred																		
Gross - Direct Business	**R0310**	10,073	85,667	15,486	1,069	53,961	1,330,626	188,980	798,599	269,490	1,240	-	50,774					2,805,965
Gross - Proportional reinsurance accepted	**R0320**	663	985	(64)	670	(20)	(74,391)	168,782	28,115	2,723	-	-	(47)					127,416
Gross - Non-proportional reinsurance accepted	**R0330**													(2,354)	26,610	(62,878)	99,801	61,178
Reinsurers' share	**R0340**	10,736	86,652	15,421	1,739	53,941	1,256,235	357,763	826,714	272,214	1,240	-	50,727	(2,354)	26,610	(62,878)	99,801	2,994,560
Net	**R0400**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenses incurred	**R0550**	(261)	(2,222)	(836)	20	(869)	(16,792)	(10,081)	(21,585)	(4,988)	(42)		(871)	(3)	(322)	(901)	(2.677)	(62.131)
Balance - other technical expenses/income	**R1200**	-	-	-	-	-	-	-	-	-	-	-	-					(1.887)
Total expenses	**R1300**	-	-	-	-	-	-	-	-	-	-	-	-					(64,018)

F.3.3 S.17.01.02 Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
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 - Total	**R0060**	1,921	10,703	9,047	-	5,891	84,995	16,323	92,415	27,951	(1)	-	3,316	1,675	1,549	3,811	3,398	262,994
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	2,030	11,556	9,456	-	6,170	91,207	20,930	103,371	34,248	10	-	3,800	1,731	1,668	3,990	4,020	294,187
Net Best Estimate of Premium Provisions	**R0150**	(109)	(853)	(410)	-	(279)	(6,212)	(4,607)	(10,956)	(6,297)	(11)	-	(484)	(56)	(119)	(179)	(622)	(31,193)
Claims provisions																		
Gross - Total	**R0160**	12,665	160,518	272,430	5,122	83,894	2,169,397	627,922	3,153,481	554,957	2,557	-	118,388	20,891	73,216	132,990	229,476	7,617,904
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	12,590	159,577	270,832	5,092	83,402	2,156,673	624,239	3,134,984	551,701	2,542	-	117,694	20,768	72,786	132,210	228,130	7,573,221
Net Best Estimate of Claims Provisions	**R0250**	74	942	1,598	30	492	12,725	3,683	18,497	3,255	15	-	694	123	429	780	1,346	44,683
Total Best estimate - gross	**R0260**	14,586	171,221	281,477	5,122	89,785	2,254,393	644,245	3,245,896	582,908	2,556	-	121,704	22,566	74,765	136,801	232,875	7,880,898
Total Best estimate - net	**R0270**	(35)	89	1,188	30	213	6,513	(924)	7,541	(3,042)	4	-	211	67	311	601	724	13,490
Risk margin	**R0280**	174	1,889	2,781	48	935	23,143	7,472	33,887	7,403	27	-	1,291	231	739	1,342	2,374	83,736
Technical provisions - total																		
Technical provisions - total	**R0320**	14,760	173,110	284,258	5,170	90,720	2,277,536	651,716	3,279,782	590,310	2,583	-	122,996	22,797	75,504	138,142	235,248	7,964,634
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	14,620	171,133	280,289	5,092	89,572	2,247,880	645,169	3,238,355	585,950	2,552	-	121,494	22,499	74,454	136,199	232,150	7,867,408
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	**R0340**	140	1,977	3,970	78	1,148	29,656	6,548	41,428	4,360	32	-	1,502	298	1,049	1,943	3,098	97,226

F.3.4 S.19.01.21 Non-Life insurance claims

Accident year / Underwriting year	Z002	Underwriting year

Gross Claims Paid (non-cumulative) - Development year (absolute amount). Total Non-Life Business

		0	1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											111,745
N -9	R0160	97,602	343,922	328,770	208,761	109,206	82,778	105,609	29,680	50,125	33,664	
N -8	R0170	100,669	391,319	356,639	204,282	130,700	134,884	180,715	79,864	122,802		
N -7	R0180	84,231	336,164	424,772	279,265	151,226	123,785	125,496	72,367			
N -6	R0190	55,839	416,532	331,468	160,504	98,781	108,637	125,641				
N -5	R0200	61,859	328,536	333,148	151,423	171,132	111,134					
N -4	R0210	50,630	255,019	168,865	150,085	113,263						
N -3	R0220	46,324	294,607	413,849	705,737							
N -2	R0230	33,293	258,140	464,489								
N -1	R0240	38,056	350,906									
N	R0250	166,558										

Gross undiscounted Best Estimate Claims Provisions - Development year (absolute amount). Total Non-Life Business

		0	1	2	3	4	5	6	7	8	9	10 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											563,454
N -9	R0160										137,059	
N -8	R0170									238,280		
N -7	R0180								332,380			
N -6	R0190							331,306				
N -5	R0200						603,015					
N -4	R0210					585,530						
N -3	R0220				2,227,014							
N -2	R0230			1,172,832								
N -1	R0240		1,372,823									
N	R0250	828,715										

Gross Claims Paid (non-cumulative) - Current year, sum of years (cumulative). Total Non-Life Business

		In Current year	Sum of all years (cumulative)
		C0170	C0180
Prior	R0100	111,745	6,743,733
N-9	R0160	33,664	1,390,117
N-8	R0170	122,802	1,701,874
N-7	R0180	72,367	1,597,306
N-6	R0190	125,641	1,297,402
N-5	R0200	111,134	1,157,233
N-4	R0210	113,263	737,862
N-3	R0220	705,737	1,460,517
N-2	R0230	464,489	755,922
N-1	R0240	350,906	388,962
N	R0250	166,558	166,558
Total	R0260	2,378,305	17,397,485

Gross discounted Best Estimate Claims Provisions - Current year, sum of years (cumulative). Total Non-Life Business

		Year end (discounted data)
		C0360
Prior	R0100	519,189
N-9	R0160	124,183
N-8	R0170	211,028
N-7	R0180	303,377
N-6	R0190	295,870
N-5	R0200	545,754
N-4	R0210	528,790
N-3	R0220	2,046,210
N-2	R0230	1,057,079
N-1	R0240	1,239,003
N	R0250	747,422
Total	R0260	7,617,904

F.3.5 S.23.01.01 Own Funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	**R0010**	557,972	557,972		-	
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**	30,671	30,671			
Subordinated liabilities	**R0140**	-		-	-	-
An amount equal to the value of net deferred tax assets	**R0160**	13,329				13,329
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**	601,973	588,643	-	-	13,329

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**	200,000			200,000	
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**	200,000			200,000	-
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	801,973	588,643	-	200,000	13,329
Total available own funds to meet the MCR	**R0510**	588,643	588,643	-	-	
Total eligible own funds to meet the SCR	**R0540**	766,311	588,643	-	177,668	-
Total eligible own funds to meet the MCR	**R0550**	588,643	588,643	-		
SCR	**R0580**	355,336				
MCR	**R0600**	88,834				
Ratio of Eligible own funds to SCR	**R0620**	2.16				
Ratio of Eligible own funds to MCR	**R0640**	6.63				

Reconciliation reserve

		C0060
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	641,973
Own shares (held directly and indirectly)	**R0710**	-
Foreseeable dividends, distributions and charges	**R0720**	40,000
Other basic own fund items	**R0730**	571,302
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	-
Reconciliation reserve	**R0760**	30,671
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	-
Expected profits included in future premiums (EPIFP) - Non-life business	**R0780**	38,759
Total Expected profits included in future premiums (EPIFP)	**R0790**	38,759

F.3.6 S.25.01.21 Solvency Capital Requirement – for undertakings on Standard Formula

Article 112*	**Z0010**	2 - Regular reporting

Basic Solvency Capital Requirement

		Gross solvency capital requirement	Simplifications Simplifications
		C0110	**C0120**
Market risk	**R0010**	133,481	
Counterparty default risk	**R0020**	196,697	
Life underwriting risk	**R0030**	-	
Health underwriting risk	**R0040**	1,095	
Non-life underwriting risk	**R0050**	17,430	Natural catastrophe risk
Diversification	**R0060**	(75,368)	
Intangible asset risk	**R0070**	-	
Basic Solvency Capital Requirement	**R0100**	273,336	

Basic Solvency Capital Requirement (USP)

		USP
		C0090
Life underwriting risk	**R0030**	None
Health underwriting risk	**R0040**	None
Non-life underwriting risk	**R0050**	None

Calculation of Solvency Capital Requirement

		Value
		C0100
Operational risk	**R0130**	82,001
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**	355,336
Capital add-on already set	**R0210**	-
of which, capital add-ons set - Article 37 (1) Type a	**R0211**	-
of which, capital add-ons set - Article 37 (1) Type b	**R0212**	-
of which, capital add-ons set - Article 37 (1) Type c	**R0213**	-
of which, capital add-ons set - Article 37 (1) Type d	**R0214**	-
Solvency capital requirement	**R0220**	355,336
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**	-

Approach to tax rate

		Yes/No
		C0109
Approach based on average tax rate	**R0590**	3

F.3.7 S.28.01.01 Minimum Capital Requirement

Linear formula component for non-life insurance and reinsurance obligations		MCR components
		C0010
MCRNL Result	**R0010**	2,011

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**	93	-
Workers' compensation insurance and proportional reinsurance	**R0040**	1,188	-
Motor vehicle liability insurance and proportional reinsurance	**R0050**	30	-
Other motor insurance and proportional reinsurance	**R0060**	213	-
Marine, aviation and transport insurance and proportional reinsurance	**R0070**	6,513	-
Fire and other damage to property insurance and proportional reinsurance	**R0080**	521	-
General liability insurance and proportional reinsurance	**R0090**	7,541	-
Credit and suretyship insurance and proportional reinsurance	**R0100**	-	-
Legal expenses insurance and proportional reinsurance	**R0110**	4	-
Assistance and proportional reinsurance	**R0120**	-	-
Miscellaneous financial loss insurance and proportional reinsurance	**R0130**	211	-
Non-proportional health reinsurance	**R0140**	67	-
Non-proportional casualty reinsurance	**R0150**	311	-
Non-proportional marine, aviation and transport reinsurance	**R0160**	601	-
Non-proportional property reinsurance	**R0170**	724	-

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**	0	
Obligations with profit participation - future discretionary benefits	**R0220**	0	
Index-linked and unit-linked insurance obligations	**R0230**	0	
Other life (re)insurance and health (re)insurance obligations	**R0240**	0	
Total capital at risk for all life (re)insurance obligations	**R0250**		0

Overall MCR calculation		C0070
Linear MCR	**R0300**	2,011
SCR	**R0310**	355,336
MCR cap	**R0320**	159,901
MCR floor	**R0330**	88,834
Combined MCR	**R0340**	88,834
Absolute floor of the MCR	**R0350**	4,000
Minimum Capital Requirement	**R0400**	88,834

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