LLOYD'S

Lloyd's Insurance Company S.A. SFCR 2021

(Solvency and Financial Condition Report 2021)

www.lloydseurope.com

Contents

INTRODUCTION

This is the fourth 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 2021 through its:

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

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, 13th and 14th Floor, Place du Champ de Mars 5, 1050 Ixelles. LIC is also known under its 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) and regulated by the Financial Services and Markets Authority (FSMA). 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:

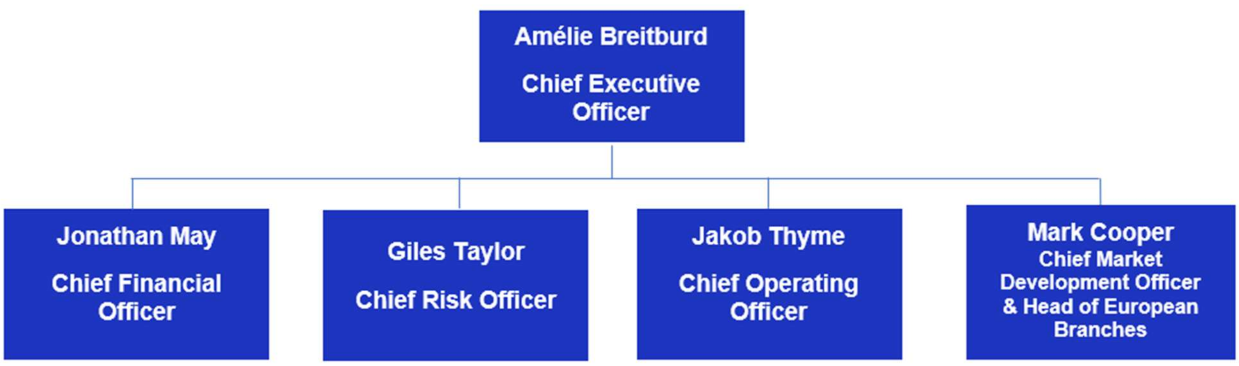
PwC Bedrijfsrevisoren BV / PwC Réviseurs d'Entreprises SRL
Culliganlaan 5
1831 Diegem
Belgium

A.1.4 Structure of undertaking

LIC was incorporated on the 5 October 2017, was authorised on 15 May 2018 under Number 3094 and wrote business incepting from 1 January 2019. LIC’s business model provides the European insurance market with a way for customers to continue to access Lloyd’s underwriting expertise for risks located in the European Economic Area.

LIC is headquartered in Brussels with the following management committee:

Figure A.1: Management committee as at year end 2021



LIC does not have any material related undertakings.

A.1.5 Material lines of business and geographical areas

LIC aims to offer non-life insurance and reinsurance for risks located in the EEA and Monaco. The type of business written by the company is a diverse mix of 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 commercial risks of all sizes as well as for tailor-made programmes geared to the requirements of particular groups of consumers.

LIC has Freedom of Establishment permissions in 17 countries, namely: Austria, Cyprus, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Lithuania, Luxembourg, Malta, the Netherlands, Norway, Poland, Spain and Sweden.

It also has permissions to write Freedom of Services business in 28 countries: Austria, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungry, Iceland, Ireland, Italy, Latvia, Lichtenstein, Lithuania, Luxembourg, Malta, The Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden.

The company was authorised by the Ministry of Finance in Monaco on 24 January 2019 to write insurance risks located in Monaco. The company also has a third country branch in the United Kingdom.

LIC's authorisations are held in:

Accident, Sickness, Land vehicles, Railway rolling stock, Aircraft, Ships, Goods in transit, Fire and natural forces, Motor vehicle liability, Aircraft liability, Liability for ships (sea, lake and river, and canal vessels), General liability, Credit- Insolvency (general), Miscellaneous financial loss – employment risks, Legal expenses and 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 reinsurers to large commercial policyholders to individual retail customers.

As such, LIC's underwriting encompasses a very wide portfolio of business, reflecting the diversity and expertise of the Lloyd's market. Classes underwritten include Casualty both Direct and Treaty, Marine all classes, Property Direct and Treaty, Accident and Health, Specialty including Political and Credit Risk and Motor. LIC does not write any life (re)insurance.

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

A.1.6 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:

Implementation of IDD Operating Model	During 2021, LIC designed a new operating model for activities that fall within the scope of the Insurance Distribution Directive (IDD). While the non-IDD business continues to be performed within the outsourcing framework applicable since the inception of LIC, the majority of the IDD business will be handled by underwriters seconded by Managing Agents to LIC. A few Managing Agents have decided to route their IDD business to an existing (or to be set-up) Service Company based and authorised in the EEA that then enters into a delegated authority agreement with LIC.

Integration of Local Offices in Europe to LIC Branches	Lloyd's EU office network employees were re-assigned to LIC during 2021, with the aim to support a more progressive and forward-looking commercial strategy.
Ratings	The company's ratings (S&P rating of A+, an A.M. Best rating of A and a Fitch rating of AA-) were reconfirmed. In addition Lloyd's appointed Kroll Bond Rating Agency (KBRA) to provide an additional independent opinion of Lloyd's financial strength and further demonstrate the market's exceptionally strong financial position to investors and customers. In April KBRA assigned an AA- insurance financial strength rating (IFSR) to Lloyd's with a stable outlook. Under the Solvency II standard formula, in which the lowest of the top two credit scores is used, LIC's SCR now reflects a Lloyd's counterparty Credit Quality Step (CQS) of 1, in comparison to 2 at 2020 year-end. This has improved LIC's SCR coverage ratio.
European Flooding	The most significant loss event to LIC in 2021 relates to the European flooding in July 2021, with severe impact in Belgium, Netherlands, Germany and the Czech Republic as well as other locations. LIC has seen 130 mEUR of insured losses booked to date at year end 2021, of which 12 mEUR has been paid. The overall ultimate cost of this event for LIC gross of reinsurance is estimated at 209 mEUR. Owing to the model of 100% quota share reinsurance the loss to LIC net of reinsurance is zero

A.1.7 Business objectives

LIC's business objectives are to maintain its position as one of the leading insurers across the EEA. The overarching objective of LIC's market development function is two-fold. First, LIC aims to sustainably maintain and grow its business in Europe and second, it aims to reduce the overheads to the customer of accessing its services. The successful achievement of these two objectives in tandem will support the development of an insurance platform that provides superior value to its customers and distribution partners. The successful embedding of the new LIC operating model represents the core priority during 2022.

Our underwriting objective is to ensure that we are writing profitable business in lines and areas which add value to our clients and stakeholders focussing where possible on Speciality lines - something that the Lloyd's market is renowned for.

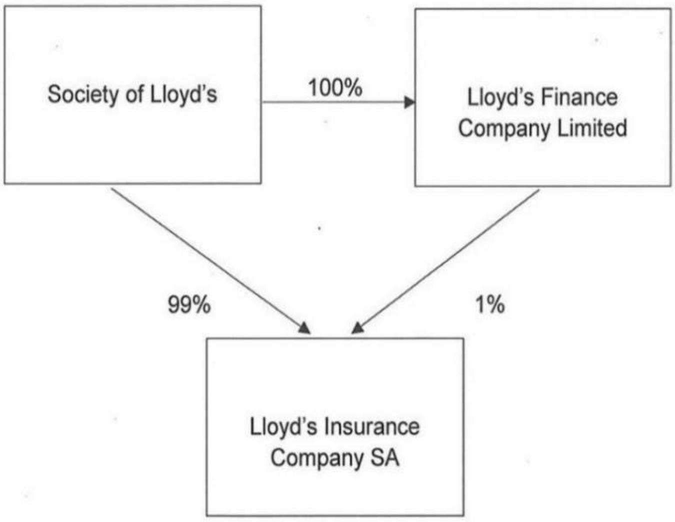
From a distribution perspective we continue to work across our main stakeholder groups – Customers, Coverholders and Brokers - who remain our key focus.

A.1.8 Details of group structure

99% 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.

1% of the share capital in LIC is directly owned by Lloyd's Finance Company Limited, a limited liability company incorporated in England and Wales, registered under number 10896 566 (LFCL), with registered office at One Lime Street EC3M 7HA, London, United-Kingdom.

100 % of the share capital in LFCL is directly owned by the Society of Lloyd's.



LIC's parent organisation, the Society of Lloyd's, operates an 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 underwriting staff price and underwrite the risks. 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.

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 2021 together with comparative information.

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

	2021 mEUR	2020 mEUR
Gross written premium	3093.1	2472.1
Gross earned premium	2795.5	2421.8
Net earned premium	0.0	0.0
Gross claims incurred	1421.6	1935.4
Net insurance result	0.0	0.0
Gross combined ratio	76%	105%

Two events were material to the results in 2021, the claims arising from the July 2021 European floods and a fire at a Norwegian gas turbine generator in September 2021.

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 values in the tables are consistent with BEGAAP and are prepared on the same basis as QRT S.05.01.01.

Table A.3: Performance in 2021 by Solvency II line of business

31 December 2020 mEUR	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	1,171.46	663.35	449.94	130.64	317.70	360.07	3,093.15
Gross earned premium	1,013.87	638.36	436.37	146.07	244.48	316.38	2,795.53
Net earned premium	-	-	-	-	-	-	-
Gross claims incurred	820.98	132.93	158.65	38.92	84.83	185.23	1,421.55
Net insurance result	-	-	-	-	-	-	-

Table A.4: Performance in 2020 by Solvency II line of business

31 December 2020 mEUR	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	875.51	589.62	443.41	170.28	120.71	272.61	2,472.14
Gross earned premium	837.79	593.41	461.27	165.96	93.93	269.39	2,421.76

Net earned premium	-	-	-	-	-	-	-
Gross claims incurred	686.49	381.87	297.62	129.29	156.08	284.09	1,935.44
Net insurance result	-	-	-	-	-	-	-

A.2.3 Performance by material geographical areas

Underwriting performance within LIC's material geographical areas are shown in the table below. The results are prepared on the same basis as QRT S.05.02.01, i.e. by a mix of risk location and location from which premium is written.

Table A.5: Performance in 2021 by material country

31 December 2021 mEUR	France	Germany	Ireland	Netherlands	Italy	Home Country
Gross written premium	441.98	448.58	359.75	298.30	357.45	98.13
Gross earned premium	377.40	392.61	311.53	285.43	345.98	89.80
Net earned premium	-	-	-	-	-	-
Gross claims incurred	183.92	146.41	225.39	131.30	313.41	26.52
Net insurance result	-	-	-	-	-	-

Table A.6: Performance in 2020 by material country

31 December 2020 mEUR	France	Germany	Ireland	Netherlands	Italy	Home Country
Gross written premium	332.93	265.53	309.54	237.40	308.17	73.13
Gross earned premium	315.70	268.08	289.17	251.32	330.33	71.15
Net earned premium	-	-	-	-	-	-
Gross claims incurred	253.79	240.50	232.86	210.10	248.71	53.73
Net insurance result	-	-	-	-	-	-

A.3 Investment Performance

At the reporting date the Company's investments of 498.4 mEUR were held in 70% government bonds and 30% corporate bonds. An investment loss of 3.9 mEUR was made in the year 2021. Investment management expenses were at 0.5 mEUR leading to a net loss of 4.4 mEUR.

At 2020 year-end the Company had an investment portfolio of 501.9 mEUR on which it had made an investment return of 0.6 mEUR for the year 2020.

In 2021 bond valuations decreased contributing to the Company's realised and unrealised losses for 2021. These losses more than offset the received interest in the year.

The investment parameters set by the LIC Board prescribe that only investment-grade EUR denominated bonds and money market instruments can be purchased. A valued weighted duration of the portfolio between 0 and 4 years will be maintained.

Since only EUR denominated bonds are allowed, there is no currency risk on the investments. Given the relatively short duration and high credit quality, the impact of interest and spread rate movements on the market value of the investments is limited.

LIC has no investment in equity, securitisation or financial lease agreements, nor did it have at 2020 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

This chapter describes the composition, organisation, roles and responsibilities of the Board of Directors of Lloyd's Insurance Company SA (LIC).

Membership

The Board of Directors ("the Board") shall ordinarily comprise a minimum of seven and a maximum of nine natural persons provided that the majority of directors shall be non-executive and shall ordinarily include:

- The Chief Executive Officer, Chief Financial Officer, and Chief Risk Officer (the executive directors); and

- Minimum four non-executive directors, at least the majority shall be independent non-executive directors.

Functions, responsibilities and powers of the Board of Directors

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

The Board created

- an Audit and Risk Committee, for which it has defined the competencies, which include at least the missions described in the Solvency II Law and the Company Law.
- a Nomination and Remuneration Committee, for which it defined the competencies.

The Board of Directors can also create from time to time any other consultative committees, whose missions it will define.

The Board shall perform the following functions and exercise the following powers:

General Company Policy

1. Setting the objectives, budget and strategy of the company;

2. Setting the company's economic requirements;

3. Approval of solvency reporting and the consolidated financial statements for the company including the annual report and accounts, interim accounts and social balance report;

4. Appointing members of the committees of the Board and determining their terms of office;

The Board shall also consider any matter referred to it by the Chief Executive Officer or the Management Committee including any major new business areas proposed, major projects or items of significant expenditure.

Risk Management

5. Considering and approving the risk appetite framework and annual ORSA report;

6. Approval of risk management policies;

The Board has the final responsibility for the effectiveness of the risk management system, for establishing the risk appetite and general risk tolerance limits of the company approving the main strategies and policies for risk management.

Supervision of management

7. Approval of the policy on reporting to the National Bank of Belgium (“NBB”);

8. Approval of the Solvency and Financial Conditions Report and the Regulatory Supervisory Report;

9. Perform an annual assessment of the effectiveness of the system of governance, the internal audit function, the systems for operational and financial controls, to report the outcome of the governance review to the NBB and ensure that the Management Committee takes the necessary measures to remedy any shortcomings;

10. Oversee the performance of the Management Committee in the delivery of its functions including the achievement of the company’s objectives, the implementation of general company policy, the internal risk and mitigation control systems, the financial reporting process, and compliance with applicable law, regulations best practice and internal policies;

11. Determine the measures defined as a response to Internal Audit findings;

12. Assess the yearly compliance report and associated actions and approve the compliance planning after advice from the Audit and Risk Committee.

Members of the Board should attend the Annual General Shareholders’ Meeting of the company, unless this is held by written resolution.

The Board can request to receive the minutes of the Management Committee.

The Board shall review and reassess its Terms of Reference on an annual basis.

B.1.1.2 Audit and Risk Committee

Membership

Members of the Audit and Risk Committee (“ARC”) are appointed by the Board, on proposal by the Nomination and Remuneration Committee.

The ARC shall ordinarily comprise a minimum of three and a maximum of five members who are non-executive directors, a majority of whom are independent non-executive Board directors.

The ARC members must have collective expertise in the field of the company’s activity as well as in the area of audit and accounting. At least one of the independent non-executive Board directors shall have recent and relevant financial experience and competence in accounting and/or auditing. The ARC members shall individually possess the necessary knowledge, expertise, experience and proficiency to understand and comprehend the company’s risk strategy and risk tolerance and must possess the necessary professional or academic background to be able to approach the subjects handled by the ARC with a critical mind.

Functions, responsibilities and powers of the Audit and Risk Committee

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

1. Notifying the Board of the results of the statutory audit of the annual accounts as well as clarifying the manner in which the statutory audit of the annual accounts contributed to the integrity of the financial reporting, and specifying the role of the audit committee in this process;

2. Review the annual report, the financial statements and interim financial statements prior to presentation to the Board and review and report to the Board on significant financial reporting issues and judgments which those statements contain having regard to matters communicated to it by the auditor;

3. Monitoring the financial reporting process and formulating recommendations or proposals to guarantee its integrity;

4. Monitoring the effectiveness of the company's internal control and risk management systems and monitoring the internal audit and its efficiency if there is any;

5. Monitoring the statutory audit of the annual accounts, which includes following-up on the questions and recommendations formulated by the statutory auditor;

6. Making recommendations to the Board with regards to the appointment of the statutory auditor, the termination or renewal of this mandate, and the audit fee;

7. Monitoring the company's relationship with its external auditors;

8. Discussing with the statutory auditor, before the audit commences, the nature and scope of the audit and to review the external audit plan;

9. Reviewing and monitoring the statutory auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Belgian professional and regulatory requirements;

10. Assessing and monitoring the independence of the statutory auditor and, particularly regarding the merit of providing additional non-audit services to the company. Developing and implementing a policy on the engagement of external auditors to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm;

11. Monitor and review the objectivity and effectiveness of the internal audit function in particular through reviewing and approving the annual internal audit plan, to consider any material matters which the internal auditors may wish to discuss (in the absence of management where necessary);

12. Where the ARC is not satisfied with any aspect of the proposed financial reporting by the company, it shall report its views to the Board;

In addition, the ARC provides advice to the Board on all aspects connected to the current and future risk strategy and risk tolerance, provides information to enable the Board to form an opinion as to the effectiveness of the risk management system set up by the Management Committee and support the

Board in exercising supervision of the implementation of that strategy by the Management Committee. More specifically, the tasks of the ARC consist of the following:

The risk strategy:

13. Giving its opinion to the Board on:

    a) the sufficiency of the organisation of the resources available and powers for the identification, measurement, control and reporting of the main risks to which the company is exposed;

    b) the appropriateness of the procedure for monitoring the risks on the basis of the challenges for the company in its various areas of business and especially of the segregation between the executive and control functions;

14. Providing advice to the Board on all aspects relating to the current and future risk strategy and risk tolerance;

15. Overseeing that the strategic decisions of the Board take into account the risks incurred by the company in view of its business model and risk strategy (including the reputational risks) that could arise from the types of products that are offered to clients;

16. Determining the nature, scale, form and frequency of the risk information that must be forwarded to the ARC;

17. Working with the NRC, in particular to supervise that the total amount allocated for variable compensation and the performance targets included in the remuneration policy are compatible with the company's risk profile;

The operation of the risk management function:

18. Research the procedures used by the company in accordance with the strategy laid down by the Board, to provide for hedging the risks associated with its assets, transactions, and its liability as a result of amended insurance policies;

19. Requesting all necessary information (at least the annual report) from the risk management and compliance function and finding out about the action plan and the follow-up of this plan by the risk management and compliance function;

20. Listening to the Chief Risk Officer and Chief Compliance Officer, providing advice to the Board on the organisation of the risk management and compliance function and finding out their work program; where applicable asking the Board to impose specific tasks to the risk management and/or compliance function;

21. Reviewing at least annually the risk appetite and risk limits and make recommendations as to their appropriateness to the Board;

22. Bring emerging risks to the attention of the Board;

23. Review and make recommendations to the Board regarding the company's economic capital requirements;

24. On a quarterly basis, review and annually recommend to the Board for approval the ORSA report;

25. Review and recommend for approval to the Board the annual risk plan and to monitor the progress against the plan respectively;

26. Review and approve annual compliance plan and ensure that appropriate arrangements are in place to ensure that the company's activities are in compliance with relevant laws and regulations;

27. Consider and approve the remit of the risk management function and ensure it has adequate independent appropriate access to resources and information to enable it to perform its functions effectively and in accordance with the relevant professional standards.

The Internal controls and risk management systems

28. Review the company's systems of control and approve the compliance statement and in particular to review:

    a) The procedures for identifying business and market risks and controlling the financial impact on the company;

    b) The company's policies for preventing and detecting fraud;

    c) The operational effectiveness of the policies and procedures; and

    d) Review and approve the statements to be included in the annual report concerning internal control, risk management and the viability statement.

29. Ensure that appropriate arrangements are in place by which employees may, in confidence, raise concerns relating to possible improprieties relating to the company including in relation to financial matters.

The ARC shall be accountable to the Board for properly performing its functions and shall report to the Board on its tasks.

The ARC shall review its Terms of Reference on an annual basis.

B.1.1.3 Nomination and Remuneration Committee

Membership

Members of the Nomination and Remuneration Committee ("NRC") are appointed by the Board. The NRC shall ordinarily comprise a minimum of three Non-Executive Board Directors, at least one of whom is an independent Director of the Board.

The NRC committee must be composed in such a way so as to be able to form a competent opinion on the remuneration and nomination policies and supervision thereof.

The NRC shall appoint one of its members as the Chair. In the absence of the NRC Chair, the remaining members present shall elect one of themselves to chair the meeting.

Functions, responsibilities and powers of the Nomination and Remuneration Committee

In its role as **Nomination Committee**, the following responsibilities apply to the NRC:

1. Recommending to the Board, clear policies and standards for membership of the Board. Such policies shall be approved by the Board of Directors;

2. Prepare a written description of the role and capabilities for "Covered Person" (as defined in the Fit & Proper policy) appointments within the scope of the NRC, as defined on the Nomination Policy;

3. Satisfy itself with regard to succession planning, that processes and plans are in place with regard to the Management Committee, Board of Directors and independent control functions, taking into account the challenges and opportunities facing LIC;

4. Review a candidate's other commitments and ensure that on appointment, a candidate has sufficient time to undertake the role;

5. Review that every Covered Person (as defined in the Fit & Proper policy) for the Management Committee, Board of Directors and independent control functions have and retains the required capabilities and qualifications including a review of skills and expertise (individual and collective);

6. Annually assess the external functions and conflicts of interest of all Covered Person (as defined in the Fit & Proper policy) for the Management Committee, Board of Directors and independent control functions.

In its role as **Remuneration Committee**, the NRC shall provide advice to the Board so that the incentives created by the remuneration policy are not of a nature so as to induce excessive risks being taken within the company, or behaviour that pursues interests other than the interest of the company and its stakeholders. In accordance with the Solvency II Law, the remuneration committee has the following tasks:

7. Giving advice on the company's remuneration policy;

8. Preparing decisions on remuneration, in particular decisions that have consequences for the risks and risk management of the company and on which the board of directors must decide; and

9. Exercising direct supervision of the remuneration of those responsible for the independent control functions.

Remuneration Policy

10. To approve the list of "identified" Solvency II staff and ensure that the remuneration policy incorporates specific arrangements for Solvency II staff which meet the relevant criteria set out in the Solvency II regulation and any associated guidance from the National Bank of Belgium ("NBB");

11. Within the terms of the remuneration policy and in consultation with the Board, the Chair of the Board and/or the Chief Executive Officer, as appropriate, to set the total remuneration package, including any bonuses and incentive payments for the Chief Executive Officer, each executive director, any other direct reports of the Chief Executive Officer and such other members of the executive management or other persons as it is designated to consider or where their remuneration levels are above such thresholds as the Committee may from time to time determine;

12. To obtain reliable, up to date information about remuneration in other companies that constitute a relevant benchmark for the type of activities and organization undertaken by LIC in EEA. In this regard LIC may appoint remuneration consultants or commission or purchase any relevant reports;

Incentive schemes

13. To oversee the operation of and make any amendments to any incentive schemes operated by the Company and agree any new schemes.

14. To examine whether the incentives created by the remuneration policy, including the promotion system, are not such as to encourage excessive risk-taking within the Company or promote behaviour which pursues interests other than those of the Company and its stakeholders. Nor may a remuneration policy give rise to conflicts of interest, in particular to the detriment of clients to whom certain products are offered. The Committee may rely on information provided by the risk committee to propose changes to the decision of the management body relating to the variable remuneration;

Pensions and other benefits

15. To consider the policy for, and scope of, pension arrangements for the Chief Executive Officer, each of the executive directors, and any other direct reports of the Chief Executive Officer and such other members of the executive management or other persons as it is designated to consider or where their remuneration levels are above such thresholds as the Committee may from time to time determine;

16. To advise on any major changes in employee benefits structures throughout the Company and to review any proposed annual percentage increase in salary for all Company employees;

Appointment and Termination

17. To oversee any contractual terms on the appointment and termination of the Chief Executive Officer, an executive director or any other direct report of the Chief Executive Officer, and any payments made, to ensure that they are fair to the individual, and the company and that failure is not rewarded;

Evaluation

18. To review annually the performance the Chief Executive Officer, the executive directors, any other direct reports of the Chief Executive Officer and such other members of the executive management or other persons as it is designated to consider or where their remuneration levels are in line with such thresholds as the Committee may from time to time determine;

19. To annually decide on the evaluation of the independent control functions and determine their level of bonus

Other advice

20. Remuneration of members of the Board and members of their committees (other than where those members are executive directors) is decided upon by the shareholders. The Chair of the Board and the Chief Executive Officer may liaise and consult with the shareholders in this regard as they think appropriate;

The NRC shall consider such other matters as the Board may from time to time refer to the NRC.

B.1.1.4 Management Committee

This Chapter defines the composition, roles and autonomous powers of the Management Committee of LIC, in line with the general company policy and strategy set by the Board of Directors and its members, as well with the obligations and relation to other company committees and corporate bodies.

Membership

The membership of the Management Committee ("ManCo") shall ordinarily comprise a minimum of three and a maximum of six natural persons and shall include the Chief Executive Officer ("CEO"), who shall Chairperson the ManCo, the Chief Financial Officer (CFO) and the Chief Risk Officer ("CRO").

Appointments to ManCo are made by the Board from among the executive managers of the company and are subject to the approval of the NBB.

In the absence of the Chairperson, the remaining members present shall elect one of themselves to chair the meeting.

Functions, responsibilities and powers of ManCo

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 shall be:

Objectives and strategy

1. The implementation of the strategy defined by, and the policies approved by, the Board of Directors by incorporating them into processes and procedures;

2. The management of the company's activities in accordance with the strategic objectives determined by the Board of Directors and in line with the risk tolerance limits and operational budget defined by the Board of Directors;

3. The submission of proposals and opinions, and giving advice, to the Board of Directors with a view to shaping the company's general policy and strategy;

Risk management

4. The incorporation of the risk appetite framework and overall risk management policy as defined by the Board of Directors into processes and procedures and overseeing the implementation of those policies and procedures;

5. To receive and review reports from the risk management function and the independent control functions to ensure that all of the relevant risks to which the company is exposed are identified, measured, managed, controlled and reported in an appropriate manner with appropriate internal controls in place;

6. Approving, recommending and reviewing policies and guidelines governing the company's underwriting risk, as well the processes and procedures relating to these;

7. Approving, recommending and reviewing policies and guidelines governing the company's counterparty risk, as well the processes and procedures relating to these;

Performance and operations

8. The implementation, monitoring and oversight of an organisational structure, including suitable internal controls, designed to support the strategic objectives and to conform with the risk appetite framework by specifying the powers, responsibilities, reporting lines and reporting procedures of each department;

9. The implementation of the organisational policies defined by the Board of Directors;

10. To ensure timely communication to the Board of Directors and/or where appropriate its sub-committees, all relevant information and data to enable the Board and its committees to monitor the company's activities and take informed decisions;

11. The prioritisation and allocation of resources in accordance with the budget set by the Board of Directors;

12. Ensuring compliance with relevant legislation and regulations and ensuring that the information and reporting requirements of the regulator and statutory auditor are met including but not limited to the provision, on an annual basis, of the solvency certification required under the Solvency II Act.

The ManCo shall act as a collegial body and all decisions are made on the basis of a simple majority. In case a majority is not achieved, the CEO has the deciding vote. The ManCo shall have all necessary powers as delegated by the Board of Directors as mentioned above under point 6 and as per other Board decisions.

Sub-committees to the ManCo

The Manco has created four sub-committee 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

Duties of the ManCo and its members

The Chairperson shall be responsible for chairing and overseeing the performance of the Committee in accordance with its Terms of Reference.

The ManCo shall review and reassess its Terms of Reference on an annual basis.

The Management hold its meetings during the meetings of the Executive Committee, which is a broader and informal governance body. Members of this Executive Committee are all the member of the ManCo, as well as a number of other key functions that are not necessarily requiring prior approval by the NBB.

B.1.2 Remuneration

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.

B.1.2.1 Scope

A remuneration policy applies to all LIC employees.

A specific focus is put on all identified staff. 'Identified staff' is defined as all staff that have a material impact on the risks and results of LIC. This is defined as:

- Board of Directors (incl. Audit and Risk Committee), including Non-Executive Directors
- Management Committee
- Heads of the Key Functions (independent control functions)
- "Risk-takers": The Human Resources Department annually initiates a process to analyse the professional profiles that may fall under the category called "Risk-Takers". HR takes the following requirements into consideration in the qualification of the "Risk Takers":
    - The powers entrusted by the Board of Directors for the execution of the job;
    - Hierarchical reporting and consequent operational autonomy linked to governance;
    - Sensitivity / importance of the governed with immediate and significant impact on the accounts of LIC;
    - Ability to take significant risk.

Specific requirements can be defined for identified staff. This includes that the criteria for deciding any variable component of pay for Key Function heads may not be linked to the performance of an activity under its control.

B.1.2.2 Elements applicable to all employees

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)
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)

The elements are aligned to the remuneration practices of the shareholder, the Society of Lloyds.

The company remuneration packages include both fixed and variable components. The remuneration package for all LIC employees favours a higher proportion of the total remuneration being met by the fixed component (base salary) to reflect the nature and role of the organisation.

The individual year-end performance ratings and performance against any key performance indicators determine the individual performance bonus award. The market performance bonus is calculated by reference to profit levels in the Lloyd’s Market in the year, subject to a minimum threshold level.

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

B.1.3 Shareholdership

LIC total share capital is represented by 903,966 no par value registered shares and is currently held as follows:

- 99% of the share capital, being 894,968 shares, is held by the Corporation, with registered office at One Lime Street EC3M 7HA, London, United-Kingdom.
- 1% of the share capital, being 8,998 shares, is held by Lloyd's Finance Company Limited “LFCL”, with registered office at One Lime Street EC3M 7HA, London, United-Kingdom.
- 100% of the share capital in LFC is directly owned by the Corporation.

Each share gives the right to one vote.

As described in Section A.1.6, Lloyds entities were transferred to Lloyd’s Europe in 2021. As a result, the Corporation transferred the shares it held in the Lloyd’s EU entities (Lloyd’s Iberia, France, Cyprus, Malta, Poland, Netherlands and Ireland) to LIC and contributed the assets of Lloyd’s German and Swedish branches to LIC. In return for these transfers and contributions, the capital of LIC increased and the Corporation received a corresponding number of shares in LIC’s capital.

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 Fit and Proper Policy and Fit and Proper procedure. This policy and procedure sets out the principles and guidelines that must be applied to ensure compliance with the statutory and regulatory expertise and reliability requirements in the context of the risk management system (in accordance with the Law of 13 March 2016 on the supervision of insurance and reinsurance companies, the NBB Circular NBB_2018_25 and Handbook on Fit and Proper and the NBB Circular 2016_31 on the System of Governance). It applies to all persons who are subject to the NBB’s Fit and Proper requirements, as listed below.

- Members of the Board of Directors, both Executive and Non-Executive Directors.
- Members of the Management Committee.
- General Representatives and, where applicable, the persons in charge of senior management of the branch. Senior managers of branches are individuals, whether or not members of the management body, whose function within the branches implies that they have a direct and decisive influence on the management of all or certain activities of the LIC branch.

- Senior Management Function Holders of the LIC UK Branch
- Employees of LIC that are a function holder of an independent control function.
- Personne relais in respect of independent control functions that are outsourced.

The Fit and Proper Policy covers the following elements:

- Fit and Proper requirements;
- Procedure, application and control framework; and
- Conduct and behavioural guidelines.

B.2.1.1 Fit and Proper requirements

A person is considered to be suitable if s/he has complied with the applicable standards in terms of knowledge and experience, skills and professional behaviour required for the position in question (fitness) and of professional integrity (propriety).

Expertise requirements (fit)

A person is considered fit if he/she has the necessary professional and formal qualifications, knowledge and relevant experience (together “expertise”) that enables the person to lead a business prudently and healthily while demonstrating appropriate professional conduct.

As part of this assessment, LIC analyses factors such as a covered person’s educational and professional qualifications and previous experience in insurance, financial markets, accounting, regulatory, business strategy, control, risk management, actuarial and management, in relation to the position in question. When the obligations include leadership responsibilities, an adequate level of previous leadership experience is required.

With regard to the Board and the Management Committee, the collective expertise must cover an appropriate diversity of expertise to ensure that LIC is managed and controlled in a professional manner. If changes occur in the composition of the Board of Directors and/or Management Committee of the company, care will be taken to guarantee that the collective expertise of the Board of Directors and/or Management Committee is maintained at all times. Collective skills assessments are conducted for the Board of Directors and Management Committee to assess whether, collectively, they have the recommended technical and management skills that are deemed necessary for the management of LIC. Individual skill assessments are also conducted for all covered persons to assess if the individual has the necessary skills and experience deemed necessary for the role.

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, according to their function.

The person’s expertise must be in proportion to the allocated responsibilities and the nature, scope and complexity of the risks inherent to LIC.

Integrity requirements (proper)

A person is considered to be proper if he/she has a good reputation and integrity and it is considered that he/she will carry out the task entrusted to him/her 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 will include:

- Criminal, civil or administrative convictions of any kind.
- Judicial, administrative or regulatory investigations in progress.
- Disciplinary action or action by a supervisory authority.
- Measures related to the applicant's past financial performance and financial strength.
- Problems of lack of transparency.

At all times, a person in scope for the Fit & Proper assessment must comply with the applicable Conflicts of Interest Policy and Procedure, which outline how conflicts are prevented, identified, managed and reported at LIC.

B.2.1.2 Applicable policies and processes to secure compliance with fit and proper requirements

The Fit and Proper requirements of the individual will be assessed on an annual basis by the Board of Directors at the initiative of HR. This assessment includes whether the persons are also exposed to potential conflicts of interest (in line with the LIC Conflict of Interests Policy), have engaged in a personal transaction of any kind with LIC or have another external function at another company.

Separate assessments will be performed before an individual is offered a new role, both at initial recruitment and when a person changes role internally. There is also a continuous evaluation process and a process for ad hoc evaluations (for example, in the event of a person not fulfilling the criteria set out in the policy or in the event of change to the regulatory requirements relating to a specific function).

Initial application

The evaluation of the fitness and propriety of each person based on the NBB fitness and propriety requirements are performed prior to that person being appointed by the Board.

The assessment process for the initial application is performed under the responsibility of HR and of the Company Secretary. A file is archived for every application done and all applications are reported to the Board of Directors.

The members of LIC management bodies fulfil where applicable the independence requirements of the Belgian Code of Companies and Associations.

Independence of judgement is required in the decisions of all directors, executive and non-executive alike. Independent non-executive Board directors are independent in the sense of the Belgian Code of Companies and Associations and the NBB Circular on Corporate Governance.

The management bodies' composition ensures that decisions are made in LIC's best interests. The composition is intended to provide a complementary and balanced set of skills, experience and knowledge.

Continuous evaluation and exception handling

The Fit and Proper requirements of the individual will be assessed on an annual basis by the Board. This assessment identifies whether the person is also exposed to potential conflicts of interest.

The results of this assessment are to be communicated to the Nomination & Remuneration Committee. They can advise/mandate the Board of Directors at either the Corporation or LIC to take remedial actions if required.

This Nomination & Remuneration Committee is responsible for reviewing annually the performance of the CEO and members of the Management Committee and independent control functions.

These reviews will take into account supervisory authority Fit and Proper 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** – This is defined by the LIC 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** – This is 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 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, and the System of Governance assessment ('SoGA').
- **Risk incident reporting ('RIR')** – Risk incidents are undesirable events which has 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 incidents are reported by employees.
- **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** – Separate from the RCSAs, thematic reviews are top-down, ad-hoc deep dives on particular risks or themes co-ordinated by the Risk Management function in order to ensure there is appropriate understanding and effective management of material risks.

- **Emerging risks** - LIC identifies emerging 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 (ICS) Policy, is a complete repository of risks, controls and corresponding actions identified in the company for both BAU and project activities. These risks may be identified by all lines of defence, including external parties such as the external auditor and regulatory authorities. 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 regarding market oversight.

B.3.1.5 Risk monitoring, reporting and escalation

Monitoring

Findings arising from the Risk Management Framework's tools and processes such as risk incident reporting and risk assessments are centrally documented and monitored by the Risk Management function on an ongoing basis. Risk incidents are monitored via the Risk Incident Register, while risks are monitored via the Risk & Control Register.

Action owners are defined, and remediation actions for outstanding risks, issues and management actions are formally agreed upon prior to them being documented and monitored. Where management actions are defined and approved in the Audit & Risk Committee or Board of Directors for material risks, these are communicated to risk owners on the first line, who have responsibility for implementing the management actions and reporting progress against targets.

Reporting

The Management 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 Management 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. 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)
    - Report on Effectiveness of the System of Governance ('RESOG')
3. Annual function report to the Board: A report documenting the Risk Management function's activities and outcomes over the past year, as well as provides a forward-looking plan for the following year.

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.

Issues that are monitored by the Risk Management function such as breaches in material risk appetite thresholds, aged outstanding remediation items and critical issues highlighted from material risk exposures are raised to the Management Committee before being escalated to the Audit & Risk Committee or Board of Directors.

B.3.2 Own Risk and Solvency Assessment

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).

The undertaking of an ORSA is a key element of the LIC Risk Management Framework.

B.3.2.1 ORSA calculations

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.

Stress and scenario tests (including reverse stress tests) are used throughout the process wherever it is deemed to be appropriate by the Audit & Risk Committee. The overarching purpose is to identify and analyse current or potential issues that are of market-wide concern or could have potential impact on LIC’s assets or, in extreme circumstances, the viability of its business model. As a minimum they are used annually both as part of ongoing risk monitoring and oversight and in the forward-looking assessment of capital and solvency.

The outcomes and conclusions of the SSTs form an integral part of the overall risk management system and act as a prompt to senior management to take action across a range of areas such as re-evaluating the set of risk appetites, business plan decisions and capital management decisions.

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. A summary of the Actuarial function report is included in the annual ORSA report.

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.3.2.2 ORSA frequency

This section outlines the frequency with which the ORSA is performed and defines the circumstances which may trigger an 'ad hoc' ORSA. The Solvency II Directive states that the ORSA shall be performed "regularly" and without any delay following any significant change in (the insurer's) risk profile. This is to maintain compliance on a continuous basis with the Solvency II requirements with regard to the calculation of regulatory capital and the calculation of technical provisions.

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 lower materiality 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 (including target solvency levels), a material change in the risk profile of LIC (for example reflected in the risk ranking results), 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.
4. **Request from the parent, the Society of Lloyd's:** The parent can request a re-run of the ORSA or a reconsideration of some ORSA elements.

Each trigger event will be assessed for its materiality on a case by case basis, and a decision taken by the LIC Board of Directors via the Audit & Risk Committee as to whether the full ORSA or certain aspects of it need to be run.

B.3.3 Risk Management function

B.3.3.1 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 where appropriate. 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 can escalate these to the LIC Audit & Risk Committee where required.

The Risk Management function has the following overall objectives:

- Develop, implement, maintain and embed a trusted risk management framework and sound risk management practices across LIC;

- Manage LIC's risk profile in line with its agreed risk appetite;
- Provide risk-based support and challenge to the business that is valued;
- Provide timely risk reports that are concise, provide clarity and facilitate business decisions;
- Ensure a company-wide risk awareness culture is in place and embedded;
- Advise the Board of Directors via the Audit & Risk Committee on risk-related matters, including risk appetite, risk governance, material risks and capital management; and
- Ensure that the Board of Directors via the Audit & Risk Committee is informed and has the necessary information to take decisions on risk-related matters.

B.3.4 Contingency plans (Recovery Plan Methodology)

The objective of the recovery plan methodology is to ensure that, in the event that LIC's capital and liquidity position were to deteriorate and become, or risk becoming, problematic, a plan would be in place to initiate a recovery with pre-defined options already analysed. As described below, the purpose of the recovery plan is to ensure that LIC gets back to its risk capacity level determined in accordance with the current solvency and liquidity levels.

Practically, the own funds capital thresholds triggering the recovery plan are aligned with SCR and MCR requirements, with an additional 'gap to crisis' for conservative purposes. The resolution plan for capital falling under MCR is not included in the approach as it falls under the scope of the supervisor.

LIC has defined the Risk Appetite in the Risk Appetite Framework. Each risk appetite statement and accompanying metrics have set limits which specify Light Red (breach), Amber (approaching appetite) and Green (operating range) levels. Clear potential actions are defined for all Amber and Light Red exposures.

The target capital/liquidity positioning in the operating range is aligned with the Risk Appetite Framework and Management actions are foreseen in case of a breach in LIC Risk Profile positioning until the lower end of the Stress Buffer (Amber zone).

Recovery Scenarios will also be part of the reverse stress-testing of the ORSA exercise.

In case the Solvency Ratio falls below the lower threshold of operating range, new capital may have to be injected by LIC's parent, under approval of LIC's Board of Directors.

B.4 Internal control system

B.4.1 Organisational and operational structure

Organisational structure

The organisation is divided in separate core organisational entities, each under the leadership of one of the Management Committee members or other executives, being the CFO, CRO, COO, CMDO, CUO, CCO & CSHRO. They all report to the CEO.

B.4.1.1 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 and Compliance function).

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 Internal Control System (ICS)

B.4.2.1 Key elements of ICS

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

- Internal control environment
- Risk and control assessment
- Internal control activities
- Communication and information
- Monitoring and reporting

Internal 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 Management 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.

The competence and development of employees is crucial in influencing and developing the attitude of employees to the importance of effective controls and associated behaviours, ensuring adherence to company policies, such as the LIC Whistleblowing Policy, providing appropriate training, and recognising appropriate behaviours within recruitment and appraisal processes.

Risk and control assessment

LIC is exposed to a wide range of risks through the normal course of its business. Some of these risks are drivers of value and should be optimised within agreed limits. Others are primarily 'downside' risks which are a natural consequence of conducting business and should be minimised to the extent it is possible and cost-effective to do so.

LIC's Risk Management Policy describes the overall framework and approach for the management of risks to the company, including details of key tools, process and reporting procedures.

A number of key process within the risk management framework are performed by the Risk Management function:

1. **Risk and Control Self-Assessment ('RCSA')**: This is a process co-ordinated by the Risk Management team that ensures that all material risks arising within LIC's key processes are properly and consistently identified, assessed, managed and monitored in line with risk appetite. Through this, the RCSA supports delivery of the company's strategic goals and protects the brand, reputation and assets of LIC and of the Corporation. It also includes an evaluation of the performance of key controls and ensures action plans are in place to help manage risks further or to improve weak controls.
2. **ICS maturity questionnaire**: This is an annual questionnaire for which all functional managers are required to assess their department/function's current and targeted maturity level based on the 5 COSO components. Outcomes of this questionnaire are reported in the annual regulatory Report on Effectiveness of the System of Governance ('RESOG').
3. **System of Governance ('SoGA') assessment**: This is an annual assessment which evaluates LIC's overall governance system against the requirements set out in the NBB System of Governance circular (2016_31). Results from this assessment are reported in the annual regulatory Report on Effectiveness of the System of Governance ('RESOG').
4. **Risk Incident Reporting Process**: The risk incident reporting process forms part of LIC's approach to risk management. This process sets out the types of incidents LIC expects notification of and the process and responsibilities for incident notification, remediation, escalation, closure and reporting.

Internal control activities

Internal controls are the operational activities performed by employees and reporting systems which help ensure management directives are acted upon and that the risks to the achievement of LIC's objectives are appropriately managed.

A diverse range of control activities exist at all levels and in all functions throughout the business. Internal control activities should be commensurate with the risks arising from the activities and processes performed. It is not the aim to eradicate inherent risks but to ensure appropriate controls are in place to enable risks to be managed in a commercial and prudent manner.

Business teams are responsible for designing and operating internal controls, for example relating to information technology, accounting processes and supplier management, and for ensuring that they are documented in policies and detailed procedural manuals.

Key control activities are evaluated and documented through the RCSA and the ICS Maturity score questionnaire.

Communication and information

Clear communication and reporting lines are established throughout LIC via the governance structure, allowing the efficient and effective flow of information up and down the business. The ICS encourages open and honest communication and provides a means for employees to communicate significant information upwards.

Appropriate information must be identified, captured and communicated in a form and timeframe that enables senior management and employees to carry out their responsibilities and to make informed decisions. Such information can be communicated formally by the Risk Management department to LIC's governance bodies (i.e., Executive Committee, Audit & Risk Committee, Board of Directors) via risk reports, in order to keep senior management informed and enable them to take appropriate risk-based decisions.

Monitoring

Monitoring of the ICS occurs during normal operations and includes on-going activities and actions taken by employees when performing their duties. Any risk or control owner can raise a point about his/her risks and controls to the Risk Management function at any time during the year. All employees are responsible for undertaking routine monitoring to detect control weaknesses or control failures.

The Risk Management function also challenges the first line in their risks and controls, which is performed separately from the annual RCSA. It ensures that risk updates can be registered and monitored when triggered by the business or by a certain event or incident. Identified risks and corresponding actions from all ICS activities and processes are centrally documented and monitored in the Risk & Control Register, maintained by the function.

Reporting

The Risk Management function reports on the outcomes of the various ICS activities and processes via the RESOG report and Quarterly Risk Report ('QRR') (see above).

B.4.3 Compliance Function

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. This includes access to information and staff at the Society of Lloyd's in London to whom LIC has outsourced certain first line business functions;
- The Chief Compliance Officer has direct access, and on his/her own initiative, to the Chairman of the Board of Directors, the statutory external auditor, the NBB or the FSMA when s/he deems it necessary to do so;

The Compliance function reports, to the Management Committee and Board of Directors of LIC. 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.

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

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
• Governance of insurance undertakings. • Integrity and ethics. • Anti-money laundering and counter-terrorism financing. • Sanctions and trade embargoes. • Special tax evasion mechanisms. • Market abuse and insider dealing. • Bribery and corruption. • Conflicts of interest. • Gifts and hospitality. • Whistleblowing.	• Fit and proper and external mandates. • Consumer protection and customer conduct risk. • 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:

- Identifying, documenting, and assessing compliance risks in the company, including the activities performed by its branches and the activities outsourced to managing agents, coverholders, other third parties and the Society of Lloyd's.
- Performing an appropriate level of compliance monitoring and testing, identifying possible shortcomings and making recommendations regarding the changes required if necessary.
- Providing guidance and advising on all matters regarding compliance with laws, regulations and internal rules.
- Training staff and raising awareness of staff regarding compliance areas.
- Being the point of contact on compliance domains for staff, for certain external organisations and authorities.
- Monitoring, analysing and performing impact assessments of regulatory developments relating to compliance domains.
- Supporting business units in resolving compliance issues as they occur.
- Conducting investigations into suspected compliance related incidents or breaches and whistleblowing reports.
- Creating an annual Compliance Plan and providing regular status updates on progress against the Plan.
- Reporting to the Management Committee, the Board of Directors and the Audit & Risk Committee at appropriate intervals and at least once a year.
- Fulfilling compliance-related notification obligations to relevant authorities.

B.4.4 Integrity Policy

In accordance with the Law of 13 March 2016 on the supervision of insurance and reinsurance companies, LIC has an Integrity Policy. The policy contains the company's values and code of conduct, which are the same as those of its parent organisation, the Corporation. It also refers to specific and related policies, e.g., Financial Crime and Conflicts of Interest. The Integrity Policy is updated annually or whenever significant events occur that could influence the company's compliance risk profile. The Compliance function is responsible for updating this policy.

B.4.4.1 Company's values and code of conduct

The company's values represent the spirit of Lloyd's, which is based on the following three principles:

- We are brave
- We are stronger together
- We do the right thing

The company also firmly believes in the fundamental importance of honesty, integrity, trust, teamwork and professionalism.

The company's code of conduct is as follows:

Our people

- We treat people with fairness, respect and decency.
- We do not tolerate discrimination or any form of abuse or harassment in the workplace.
- We are committed to encouraging diversity in the workplace.
- We encourage our employees to develop their full potential.
- We provide healthy, safe and secure work environments.

Our conduct

- We are open and honest and act fairly and with integrity.
- We comply with legal, regulatory and licence requirements.
- We do not tolerate corruption in any form.
- We respect and maintain the confidentiality of everyone's personal information and the confidentiality of information disclosed to us in confidence.
- We do not misuse Lloyd's information technology systems.
- High standards of corporate governance are integral to the way we manage our business.

B.4.4.2 Prevention from anti-money laundering and anti-terrorist financing

Based on the Intra-Group Service Agreement, the LIC Compliance team is supported in the operation of its controls in relation to AML and other financial crime activities (where applicable) by the Corporation Financial Crime team. This London-based team shares its Lloyd's experience and skills necessary to operate the controls on an outsourced basis, with responsibility for the proper functioning of the controls resting with the LIC Chief Compliance Officer.

Note that LIC does not, and does not intend, to carry out life insurance activities.

B.4.4.3 Whistleblowing

LIC is committed to the highest standards of openness, probity and accountability and expects all employees to act in accordance with ethical standards. An important aspect of accountability and transparency is a mechanism to enable individuals to raise concerns relating to wrongdoing or malpractice at work in a responsible and effective manner. The escalation of such concerns is commonly known as "whistleblowing".

Main principles

The LIC Whistleblowing Policy covers the following main principles:

Guarantee of confidentiality

LIC will treat all disclosures in a secure and confidential manner. Every effort will be made to keep the identity of the person who made the disclosure confidential, when they have requested that LIC does so.

Investigating a whistleblowing report

When a whistleblowing report is made, prior to the investigation, The Whistleblowing Escalation Group will consider the initial assessment and any known related information and confirm the approach to be adopted. The group will then select the whistleblowing investigator in the Compliance function. The latter will also carry out an initial assessment to determine the scope of any further investigation. Meetings may be held with the whistleblower in order to obtain further information. LIC does not require evidence to be produced for a preliminary look into a concern raised under its Whistleblowing Policy.

The relevant persons will then discuss, plan and conduct an investigation or review, if and when deemed reasonably necessary to address the matter. This might include discussions with appropriate staff, members of management, review of company documents and discussions with LIC's internal and/or external auditors. In appropriate cases, LIC might also engage independent counsel and other advisors regarding the investigation. LIC will ensure that reportable concerns are notified to the relevant regulators, e.g. the NBB and/or FSMA, where appropriate.

Protection of whistleblower and persons involved

The Whistleblowing Policy is designed to protect LIC staff who disclose serious concerns to an appropriate person in a reasonable belief that an issue covered by the policy has occurred, even if they turn out to be mistaken.

B.4.4.4 Conflicts of Interest

Conflicts of interest can be broadly described as scenarios where a person's interest in the outcome of an activity differs from the interests of LIC. A person should not be in a position that could impair his or her judgement or objectivity in carrying out his or her duties and responsibilities to LIC as it can have a large impact on the overall functioning of a company and on the underlying risks it assumes. This means that conflicts of interest need to be avoided and if that is not possible, they need to be recorded and managed through adequate processes and procedures.

LIC has a Conflicts of Interest Policy.

B.4.5 IT infrastructure and continuity

B.4.5.1 IT infrastructure

IT structure overview

LIC IT services leverages the IT infrastructure and relationships that the Corporation of Lloyd's ('the Corporation') already operates and maintains in conjunction with any LIC specific IT services that may be taken up throughout the creation of the offices and its subsequent business operation(s). The Corporation operates a global IT service primarily provided from Lloyd's tenancies within the Microsoft Azure Platform with services operated from Lloyd's managed technology centers where required. There are two data centres in the UK that house some of the services provided to the LIC business, these work in conjunction with technology deployed locally in the LIC office in Belgium and a number of third parties operating in the 'cloud' or as bureau services.

The Corporation IT and Data departments located in the UK are accountable to LIC for the IT services and associated data residency and controls through the outsourcing agreement in place between LIC and the Corporation. These departments manage the service in line with the specific business requirements set out by LIC and detailed in the outsourcing agreement between LIC and the Corporation. Any third party that is engaged via the LIC or the Corporation is expected to comply with these controls.

The IT configuration for LIC includes consideration of, but not limited to the following legislative requirements:

- National Bank of Belgium (NBB) Circulars
- EIOPA guidelines
- EU Law
- EU General Data Protection Regulation (EUGDPR);
- Solvency II
- Security of Network and Information Systems Directive (NIS);
- Belgian Privacy Act.

LIC and the Lloyd's Corporation both follow the ISO270001:2013 standard for Information Security Management Systems.

B.4.5.2 Business continuity

Business continuity management is designed to guarantee the continuation of the critical business operation of LIC during an emergency or a crisis. This includes the measures taken in order for LIC to ensure that its services are delivered, and its operations carried out without interruption. In case of a serious unplanned interruption of business, the company should be able to maintain or restore as soon as possible its critical functions, and resume activities within a reasonable timetable.

B.5 Internal Audit function

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 responsible for developing and delivering a programme of assurance aimed at validating the effective control of key business risks. The LIC Head of Internal Audit is responsible for reporting their findings, conclusions, and recommendations to the audited parties, LIC Executive Team and LIC Audit and Risk Committee. LIC management is responsible for the effective identification of risk and the maintenance of adequate systems of controls. Internal Audit is responsible for 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 the LIC Audit and Risk Committee.

B.5.1 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:

- The Head of Internal Audit has a direct reporting line, with unlimited access, to the LIC Chairperson of the Audit and Risk Committee and a secondary, administrative reporting line to the Chief Executive Officer.

- 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 review all areas of LIC and has full, free, and unrestricted access to all activities, records, property, and personnel necessary to complete their work including correspondence with regulators and the Board and Committees meeting minutes.

- 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.

- All Internal Audit reports will be reported to the LIC Audit and Risk Committee. Significant reports will also be advised to the Chairperson of the Audit and Risk Committee on a timely basis.

- 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 Head of Internal Audit has the right to attend and observe all or part of the LIC Management 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.

Internal Audit has no direct responsibility or authority over any operating activities reviewed and should not relieve others of their responsibilities. Internal Audit are specifically prohibited from performing management activities, including:

- Performing operational duties, including operation of policies and procedures;

- Initiating or approving accounting transactions; and

- Undertaking consulting engagements, specifically, those engagements where the primary aim includes process improvement, implementation of systems, or advising on operating practices (e.g. benchmarking).

Crucial in the independence of the Internal Audit function is the fact that it can conduct its work free of undue influence. Moreover, it has direct and unrestricted access to the LIC Chairperson of the Audit and Risk Committee and the LIC Board of Directors at all times.

B.6 Actuarial function

B.6.1 Organisation

The Actuarial function is a second-line control function. It reports to the CRO, who is identified as the 'Personne-Relais' for the Actuarial function. The Actuarial function is outsourced to a third party, under supervision from the 'Personne-Relais'. 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 LIC Actuarial team. The calculations will be verified by the Actuarial Function under an external outsourcing agreement.

B.6.2 Actuarial function activities

The usual actuarial function activities include:

- Co-ordinate the calculation of technical provisions;
- Opinion on underwriting policy;
- Opinion on adequacy of reinsurance;
- LIC Actuarial Function Charter;
- Contribution to risk management;
- Reporting.

B.7 Outsourcing

B.7.1 Outsourcing principles

In order to ensure that oversight is performed effectively, LIC has designed an Outsourcing Policy and Outsourcing Management Framework.

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

The outsourcing framework has been designed to be functional and pragmatic. The purpose of the Outsourcing Management Framework is to describe the Service Management, Risk Management and Compliance processes and controls implemented across the end-to-end outsourcing lifecycle for all service providers conducting services on LIC behalf in an outsourced arrangement. It also describes the roles and responsibilities, operating model and the approach in the context of outsourcing.

Effective implementation of the framework enables structured management and monitoring of the performance and risks of all service providers and ensures that any deviations are reported accordingly. It ultimately allows LIC to appropriately manage both service delivery and risks for every outsourcing relationship it is in.

The Outsourcing Management Framework defines the governance and reporting processes applied, with the core of the document describing the Service Management, Risk Management and Compliance processes at each individual stage of the outsourcing lifecycle, to provide an end-to-end view to outsourcing management.

In addition, the adoption of cloud services or infrastructure may directly or indirectly increase LIC's need for oversight. The use of cloud services may be defined as a form of outsourcing depending on the nature of the underlying outsourced function or activity and can therefore add a layer of specific requirements to the follow-up thereof.

LIC defines outsourcing as "an arrangement of any form between LIC and a service provider, by which that service provider performs a process, a service or an activity which is specific to LIC and performed on a recurring or continual basis".

LIC applies the 'Three lines of defence' model as part of its operating model, which enables effective segregation of duties between the business areas (i.e., the 1st line risk-handlers) and those who perform independent control activities (i.e., Risk Management, Compliance and Internal Audit functions). This concept applies equally to the oversight and management of outsourcing.

B.7.2 Critical or important and non-critical or non-important functions or activities

B.7.2.1 Process to determine whether a function or activity is critical or important

Whether an activity or function is critical or important is primarily based on the inherent risks of the outsourced activity or function. This determination takes into account whether the service provider is providing activities that are specific to LIC.

Contract owners are required to carry out the process to determine the criticality of the function or activity as part of the business case they need to prepare, in order to take a formal decision on whether to outsource a particular function or activity.

This is a crucial step of the overall outsourcing lifecycle, as whether an activity or function is critical or not drives the granularity of the subsequent risk assessments, frequency of monitoring of the services, as well as contractual expectations and prudential requirements.

Contract owners are required to answer the criticality/importance determination checklist which includes a series of questions defined by Service Management which cover whether the function or activity meets particular criteria defined by NBB for critical/important functions or activities. This also include criteria defined internally for which LIC would deem a function or activity as critical and therefore warrant additional oversight and monitoring.

Responses to these questions are reviewed (and where needed, challenged) by the Risk Management and Compliance functions before the outcome is included as part of the contract owner's business case for consideration in the Outsourcing Committee.

The outsourcing of an independent control function under Solvency II definition is always deemed critical.

B.7.2.2 Critical or important outsourcing agreements

Neither Belgian law or EU law clearly defines this notion, leaving it to the companies to identify critical or important outsourced activities/functions within their structure, under the supervision of the regulator.

Critical or important outsourcing agreements are defined by LIC as:

- An agreement where the products or services provided are of such importance that a weakness or failure could cause:
  - A significant deviation from LIC's risk appetite;
  - A significant disruption to LIC's core operations, including the provision of services in support of the efficient running of the company; and/or
  - A compromise in LIC's ability to comply with legal and regulatory requirements.
- An agreement that concerns an "independent control function" under Solvency II (i.e., Actuarial Second-line Function, Risk Management Function, Compliance Function and Internal Audit Function).

LIC follows the NBB Circular 2016_31 on the System of Governance for Insurers and Reinsurers in respect of critical or important functions or activities. In this respect critical or important functions or activities are generally those that are fundamental to the insurance business.

B.7.2.3 Non-critical or non-important outsourcing arrangements

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.

LIC follows the NBB Circular 2016_31 on the System of Governance for Insurers and Reinsurers in respect of non-critical or non-important functions or activities.

In addition to its management as part of the Outsourcing Policy, non-critical or non-important outsourcing arrangements are managed in accordance with the Lloyd's Procurement Policy. In case of any contradiction, the LIC Outsourcing Policy must be followed.

Approval of non-critical outsourcing arrangements will follow the financial authority process.

B.7.3 Outsourcing of Key functions / independent control functions

Independent control functions are considered critical or important functions, as compliance with the Law of 13 March 2016 on the status and supervision of insurance or reinsurance undertakings is dependent on them. In the event that LIC outsources aspects of an independent control function, it shall ensure that a member of the Board is designated as the person with overall responsibility for the outsourced key function, which shall include providing oversight and informed challenge of the performance and results of the service provider. As indicated in the LIC Fit & Proper Policy, this person must fulfil the following requirements:

- Their professional qualifications, knowledge and experience are adequate to enable sound and prudent management (fit); and
- They are of good repute and integrity (proper)

The above requirements may, in appropriate cases, be made a condition of the service contract.

A "Personne-Relais" with the appropriate skills is internally assigned to monitor service delivery and challenge the outcomes of the service provider.

Due to the nature of independent control functions and the fact that they report directly to the Board on a quarterly basis, the Board is directly responsible for the monitoring of the service delivery of this outsourced function or activity and potential deficiencies and/or actions are immediately addressed as part of the Audit & Risk Committee and Board.

B.7.4 Selection and due diligence process

Before entering into an outsourcing agreement with regard to a critical or important function or activity, LIC shall:

- Assess whether the outsourcing authorization conditions are met;
- Conduct the necessary verifications with regard to the service provider (due diligence);
- Identify and assess all relevant risks of the outsourcing arrangement (risk assessment):
- Identify and assess the conflicts of interest that could arise from the outsourcing.

B.7.5 Oversight and assurance of critical or important outsourcing activities or functions

B.7.5.1 Service delivery and monitoring

Various stakeholders hold specific responsibilities for the monitoring activities performed throughout the lifecycle of an outsourcing arrangement, predominantly:

- Contract owners are actively managing the service provider relationships and contract throughout its outsourcing lifecycle, and managing the risks arising from outsourcing from an operational perspective;
- Contract owners are monitoring the performance of the service provider in accordance with the contract (including service quality, data requirements, security and other SLAs as defined);

- Contract owners are identifying, assessing, remediating and escalating any issues and risk incidents that arise;
- Service Management updates the outsourcing register distinguishing between the outsourcing of critical or important functions or activities and the outsourcing of non-critical or non-important functions or activities.
- Service Management oversees the service delivery of the third parties via the contract owners by performing consolidated monitoring and reporting on performance and issues;
- Outsourcing Committee serves as the dedicated platform to discuss any critical risks or issues arising throughout the outsourcing lifecycle;
- ManCo is informed based on reporting from the Outsourcing Committee of any critical risks and issues that arise;
- Risk Management and Compliance functions perform the second line oversight and monitoring to safeguard compliance with the current policy and its framework, facilitate the necessary root-cause analysis and remediation of risk incidents and monitor LIC's risk appetite profile for outsourcing risk.
- Audit & Risk Committee has overall oversight of LIC's ongoing risk appetite profile for outsourcing risk within the broader scope of operational risk.

The COO, supported by the Service Manager, will monitor compliance with the Outsourcing Policy and Outsourcing Management Framework.

In addition to the above monitoring, the COO conducts an Annual Service management Review of all critical or important outsourcing arrangements to ensure that there are adequate procedures in place for the control and management of the service providers.

B.7.5.2 Annual Service Management Review

The Annual Service Management Review Process is a key subprocess supporting the Service Delivery/Monitoring stage in the outsourcing life-cycle of LIC. The outsourcing cycle includes all steps that LIC needs to undertake to involve the service provider and execute the outsourcing. The service delivery and monitoring stage pertains to the ongoing delivery of the outsourced function or activity and ends at the point of contract termination.

The Annual Service Management Review Process is organized based on formalized and methodological activities ensuring factual and objective monitoring in order to:

- support the monitoring and reporting to the executive level about the actual performance compared to targets/expectations;
- ensure that deviations from quality expectations, incidents, risk events and issues are identified, explained and reported;
- ensure that the contracts, SLAs, services and controls are up-to-date; and
- ensure that all contract owners have carried out the necessary actions in the context of the Service Delivery Monitoring.

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 improvement in the company's system of governance in 2021. This was owing to various factors, particularly:

1. Progress made in addressing resourcing and capability constraints to support delivery of the company's strategy and activities
2. Increase in maturity of LIC's operational processes and controls across departments
3. Greater forward-looking challenge and supervision from the Board

The Management Committee commits to a series of measures in 2022 to remediate outstanding shortcomings identified from the 2021 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.2.6 amounts to 19.4 mEUR. Future premiums result from the sum of the unreceived premium not yet due and the BBNI. As a 100% reinsured insurance company, LIC's expected profits on future premiums is the result of the percentage of ceding commission applied to 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.

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 2021, over the last 12 months LIC has written approximately 2,857 mEUR 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, which are treated as an assumed single counterparty, and backed in turn by the Lloyd's New Central Fund. Therefore, underwriting risk is mostly driven by the lapse risk, which is based on estimated future premiums and amounts to 7.1 mEUR, and the premium and reserve risk which amounts to 5.2 mEUR.

As summarised in the QRT S.25.01 Solvency Capital Requirement in annex F.2.7, the non-life underwriting risk solvency capital requirement therefore amounts to 8.8 mEUR.

As at 31 December 2021, the solvency capital requirement for non-life underwriting risk represents 4.7% of the total undiversified basic solvency capital requirement (BSCR) and can therefore be considered an immaterial risk for LIC.

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 0. 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 2021, the health underwriting premiums represent 8% of the total premiums over the last 12 months and amount to 236 mEUR valued in accordance with the requirements for the underwriting risk calculation. The SCR for the NSLT underwriting risk module amounts to 0.9 mEUR and represents 0.5% 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 through over 70 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.

If the LIC gross written premiums changed by plus or minus 30%, the company is expected to 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 runs an investment strategy with conservative investment parameters and holds no derivatives. It holds investments to meet its expenses and capital requirements. It minimises the risks on this by holding short-term and high-quality government and corporate bonds. In today's economic environment this quality does come at the risk of lower and sometimes negative returns.

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 interest rate risk, spread risk and currency risk which respectively represent 42%, 26% and 26% of the undiversified market risk capital requirement.

As at 31 December 2021, LIC had approximately 499 mEUR invested in bonds with a composition of 30% in corporate bonds and 70% in government bonds, where the majority had a credit rating of A or higher.

LIC has no equity or property as part of its assets. However, the small amount of equity and property risks identified are due to the minimum guaranteed rate on the employee pension plan and the IFRS 16 accounting treatment of LIC's company cars and its office leasing. These risks remain insignificant.

The company has no investment in non EUR currencies. The company's currency risk primarily comes from its reinsurance commission on the earned premium in the denominated currency of the premium, with the main non EUR premium being USD as at 31 December 2021. LIC has negligible liabilities in foreign currencies owing to its insurance liabilities being 100% reinsured and the claims payments, which are made through the Lloyd's Settlement and Trust Fund Operations (STFO) system.

As summarised in the QRT S.25.01 Solvency Capital Requirement in annex F.2.7, the market risk solvency capital requirement is approximately 18.5 mEUR and represents 9.9% of the undiversified BSCR.

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

Market risk has increased from 18.3 mEUR at 31 December 2020, which is driven by an increase in currency risk partially offset by a decrease in spread risk.

C.2.1 Risk sensitivity

LIC's profitability is based on receiving a commission on the written premium, denominated in the currency of the premium. Therefore, a mismatch of ceding commission currency compared to LIC's net liabilities, would increase the currency risk. A sensitivity test halving or doubling the expected ceding commission to simulate an extreme scenario where the EUR doubles or halves in value against all currencies has a small impact on the overall SCR or SCR ratio which remains comfortably above risk appetite threshold SCR ratio of 125%.

Another extreme test considered was the impact on the SCR ratio following a doubling in size of the investment portfolio, following which 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 2021 amounts to 158.6 mEUR and represents 84.9% of the undiversified BSCR. This is owing to its 100% reinsurance business model.

Following the KBRA assigning a new AA- insurance financial strength rating (IFSR) to Lloyd's with a stable outlook in April 2021, under the Solvency II standard formula, in which the lowest of the top two credit scores is used, LIC's counterparty default risk SCR now reflects a Lloyd's market counterparty Credit Quality Step (CQS) of 1, in comparison to 2 at 2020 year-end. This has materially decreased the LIC counterparty default risk SCR from 309.3 mEUR at 2020 year-end, and improved LIC's solvency ratio.

As at 31 December 2021, counterparty default risk is composed of 87% of type 1 exposure and 13% 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 is the main risk driver for LIC's SCR owing to the company's reinsurance to the Corporation, which represents almost all of type 1 risk. The effect of the improved Lloyd's market counterparty CQS has been to decrease the relative contribution of type 1 exposure and increase the relative contribution of type 2 exposure to the counterparty default risk.

The best estimate of reinsurance recoverables contributed 79% of the Corporation type 1 default risk exposure and the risk mitigating effect of reinsurance on the SCR contributing 21%.

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 2021 Lloyd's ratings were "A" by AM Best, "AA-" by Fitch, "A+" by S&P and "AA-" by KBRA. The second-best rating is therefore jointly Fitch and KBRA 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. This would increase the SCR by approximately 93%, however LIC would remain above its risk appetite threshold SCR ratio of 125%. This risk can be mitigated through collateral arrangements on our reinsurance agreements, which can be called in certain situations, which will have the effect of reducing the default exposure.

C.4 Liquidity risk

There is no Standard Formula calculation for liquidity risk. Liquidity risk is part of LIC's risk taxonomy but is not deemed by the company as a material 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.

LIC has entered into 100% quota share reinsurance agreements with each of the syndicates whose managing agents have been authorised under the outsourcing agreement to underwrite business on behalf of LIC. Through this arrangement all business written by LIC is fully reinsured by the relevant syndicates. The members of the syndicates meet their obligations in relation to the business written by them (including but not limited to their liability to LIC) through the assets held in the various links of the chain of security. The first two of these are the syndicate assets held as Premium Trust Funds and members' capital held as Funds at Lloyd's. Lloyd's central assets, which include the Central Fund, are further available, at the discretion of the Council of Lloyd's, to meet any valid claim that cannot be met from the resources of any member. Should syndicates need additional assets to meet their liabilities, the funds at Lloyd's ensure that members have additional resources available. In the rare event that a member's capital is insufficient and that member is not able to provide further assets to the relevant syndicates, Lloyd's central capital provides further financial support to ensure valid claims are paid.

C.5 Operational risk

As at 31 December 2021, operational risk is calculated under the standard formula and amounts to 50.7 mEUR and represents 30% of the diversified BSCR and 23% of the total SCR.

In line with industry practice, LIC utilises scenario analysis to assess and quantify the potential impact of losses from extreme operational risks. The scenario analysis process is used primarily to assess the appropriateness of the standard formula. In addition, risk metrics for the following risks are in place and monitored:

- Governance
- Internal Control
- Operational Risk Management
- Compliance Risk Management
- Business Conduct Risk

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 million was combined with a 5% recurring expenses increase, a 2% shock on the investment portfolio, a 10% decrease in GWP as well as a €20 million 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 2022 business plan under Solvency II requirements. Its shareholders have 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:

- Outsourcing
- Adaptation of LIC's business model
- People risk
- Sanctions & financial crime
- Data quality and controls
- Part VII operating model simplification
- Reinsurance counterparty default

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 2021 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 2021 illustrating the adjustments in valuation between the Company's annual financial statements and Solvency II.

ASSETS	BEGAAP mEUR 2021	Adjustment mEUR	Solvency II mEUR 2021	Solvency II mEUR 2020
Intangible assets	8.38	(8.38)	0.00	0.00
Deferred tax assets	0.00	10.32	10.32	11.08
Property, plant and equipment held for own use	1.59	2.76	4.35	1.71
Investments (other than assets held for index-linked and unit-linked contracts)	499.79	(0.85)	498.95	501.86
Reinsurance recoverables from: Non-life and health similar to non-life	8,235.25	(1,334.92)	6,900.33	6,995.27
Insurance and intermediaries receivables	1,850.24	(556.49)	1,293.75	888.38
Reinsurance receivables	644.45	(278.28)	366.17	248.75
Receivables (trade, not insurance)	67.91	(67.37)	0.55	5.16
Cash and cash equivalents	366.37	0.00	366.37	69.41
Any other assets, not elsewhere shown	1.68	(1.60)	0.08	0.00
Total assets	11,675.66	(2,234.80)	9,440.86	8,721.62

LIABILITIES	BEGAAP mEUR 2021	Adjustment mEUR	Solvency II mEUR 2021	Solvency II mEUR 2020
Best Estimate	8,235.25	(1,324.85)	6,910.41	7,004.49
Risk margin	0.00	63.55	63.55	105.30
Provisions other than technical provisions	0.71	(0.02)	0.69	0.02

Pension benefit obligations	1.05	0.00	1.05	0.38
Deposits from reinsurers	345.49	(60.48)	285.00	0.00
Deferred tax liabilities	0.00	6.22	6.22	6.00
Debts owed to credit institutions	0.00	0.00	0.00	0.00
Financial liabilities other than debts owed to credit institutions	0.00	5.34	5.34	2.12
Insurance & intermediaries payables	548.05	(221.38)	326.67	224.32
Reinsurance payables	1,889.85	(596.09)	1,293.75	888.38
Payables (trade, not insurance)	72.56	(36.51)	36.05	24.33
Any other liabilities, not elsewhere shown	44.66	(16.09)	28.57	30.27
Total liabilities	11,137.62	(2,180.30)	8,957.32	8,285.61

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 2021 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's 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	In BGAAP 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.

	agreements. These will be amortised straight-line over the lease periods.	
Investments (other than assets held for index-linked and unit-linked contracts)	Bonds are valued at market value with the accrued interest included in the value of the bond.	Bonds are valued at amortised cost with accrued interest reported separately under, "any other assets, not elsewhere shown".
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 suspense account in respect 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 suspense account in respect 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".	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 498.4 mEUR were held in 70% government bonds and 30% corporate bonds. The Company does not provide any guarantees.

D.2 Technical provisions

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

The technical provisions net of reinsurance as at 31 December 2021 are 73.6 mEUR. 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 2021

	Solvency II Line of Business	**Gross Best Estimate €'000**	**Recoveries €'000**	**Net Best Estimate €'000**	**Risk Margin €'000**	**Total Net Technical Provisions**
Direct Business and Accepted Proportional Reinsurance	Medical expense insurance	16,461	16,490	(29)	165	136
	Income protection insurance	206,728	206,647	82	1,958	2,040
	Workers' compensation insurance	368,382	367,408	974	3,275	4,249
	Motor vehicle liability insurance	3,583	3,578	6	33	38
	Other motor insurance	84,537	84,271	266	740	1,007
	Marine, aviation and transport insurance	963,267	963,471	(204)	9,275	9,071
	Fire and other damage to property insurance	573,132	573,914	(783)	5,690	4,907
	General liability insurance	3,399,170	3,392,040	7,131	30,699	37,830
	Credit and suretyship insurance	611,836	610,427	1,410	5,493	6,903
	Legal expenses insurance	2,735	2,746	(11)	29	18
	Assistance	-	-	-	-	-
	Miscellaneous financial loss	150,073	149,812	261	1,369	1,630

Accepted Non-Proportional Reinsurance	Non-proportional health reinsurance	21,770	21,849	(78)	229	150
	Non-proportional casualty reinsurance	62,131	61,990	141	558	699
	Non-proportional marine, aviation and transport reinsurance	116,972	116,673	298	1,043	1,341
	Non-proportional property reinsurance	329,628	329,019	609	2,998	3,607
Total Non-Life obligation		**6,910,406**	**6,900,333**	**10,073**	**63,555**	**73,627**

Table D.4: Technical provisions total at year end 2020

	Gross Best Estimate €'000	Recoveries €'000	Net Best Estimate €'000	Risk Margin €'000	Total Net Technical Provisions
Total Non-Life obligation	**7,004,488**	**6,995,268**	**9,219**	**105,300**	**114,520**

The decrease in the risk margin and correspondingly the net technical provisions is predominantly driven by the decrease in LIC's SCR as a result of an improved counterparty credit rating described further in section C3.

D.2.1 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 the valuation date, 30 September 2021
2. A roll-forward exercise to calculate the value of the claims reserves at the reporting date 31 December 2021. 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'. These Reserving Cohorts are developed to enable appropriate reserving processes to be performed within LIC, both for the Part VII as well as the BAU portfolios. 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 Lloyd's corporation.

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 techniques are used for valuation. 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 claim's 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 2021 is included.

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

The total value of the best estimate technical provisions to LIC at year end 2010 is 6,893 mEUR gross of reinsurance.

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. Furthermore, owing to these 100% back to back reinsurance agreements the company's SCR is not very sensitive to interest rate changes used for discounting future liabilities.

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

The process described above consisting of the reserving process, roll-forward process, ENIDs and the expense reserve has been further developed and refined over the reporting period and is therefore an enhanced version of the methodology employed in the previous reporting period.

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

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.

As the company is 100% reinsured to syndicates who form part of the Lloyd's market, in the event of a syndicate failure or dispute, recoveries could be lower than expected.

D.2.3 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.2.4 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 doesn’t 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. 1. Discounting 2. Events Not in Data (ENIDs) 3. Future premiums 4. 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

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.

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 Solvency II valuation for each material class of other liabilities

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 potential litigation costs.	There are no differences from the SII valuation basis.
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	This liability category primarily relates to reinsurance of premium and policy

	past due are deemed to be future cash flows and reclassified as part of the reinsurance recoverables.	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 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.	Payables are recorded on an accruals basis.
Deferred tax liability	Solvency II recognizes 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.

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 level of excess funds was considered by the company's sponsor during the process in establishing the company, and as part of the application for regulatory approval. 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 will monitor coverage of SCR and MCR on a quarterly basis. The company will consider 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 at its meetings 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.

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 mEUR of ancillary own funds through a letter of credit facility are available which form Tier 2 own funds.

The primary objective of LIC 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
- SCR and MCR should never be breached

E.1.1.1 Own funds classification

As at 31 December 2021, the company's basic own funds are 483.5 mEUR, comprised of issued share capital of 555.9 mEUR in ordinary share capital, a reconciliation reserve of -82.7 mEUR and a net deferred tax asset of 10.3 mEUR. 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 mEUR 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 mEUR	Tier 2 mEUR	Tier 3 mEUR	Total mEUR
Ordinary share capital (gross of own shares)	555.94	-	-	555.94
Reconciliation reserve	(82.72)	-	-	(82.72)
An amount equal to the value of net deferred tax assets	-	-	10.32	10.32
Total basic own funds after deductions	473.22	-	10.32	483.54
Total ancillary own funds	-	200.00	-	200.00
Total available own funds to meet the SCR	473.22	200.00	10.32	**683.54**
Total available own funds to meet the MCR	473.22	-	-	473.22
Total eligible own funds to meet the SCR	473.22	109.93	-	**583.15**
Total eligible own funds to meet the MCR	473.22	-	-	473.22
SCR	-	-	-	**219.86**
MCR	-	-	-	54.96
Ratio of Eligible own funds to SCR				**265%**
Ratio of Eligible own funds to MCR				861%

E.1.1.2 Eligible amount of own funds to cover the Solvency Capital Requirement, classified by tiers

The company's Own Funds are represented by 473.2 mEUR Tier 1 unrestricted, and 109.9 mEUR Tier 2, table E.1 above shows these eligible amounts available to cover the SCR.

E.1.1.3 Eligible amount of own funds to cover the Minimum Capital Requirement, classified by tiers

The company's Own Funds are represented by 473.2 mEUR Tier 1 unrestricted. Table E.1 above shows the eligible amount available to cover the MCR.

E.1.1.4 Tier 1 basic own funds

LIC has Paid in Ordinary Share Capital of 555.9 mEUR. The reconciliation reserve at 31 December 2021 was -82.7 mEUR. Tier 1 own funds of 473.2 mEUR 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 mEUR.

E.1.1.5 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

			mEUR
A	**Belgian GAAP Own Funds**		538
B	**Differences between Solvency II and BEGAAP balance sheet and valuations**	Any other assets, not elsewhere shown	(2)
C		Insurance and intermediaries receivables	(556)
D		Intangible assets	(8)
E		Investments (other than assets held for index-linked and unit-linked contracts)	(1)
F		Reinsurance receivables	(278)
G		Reinsurance recoverables from: Non-life and health similar to non-life	(1,335)
H		Other Assets	(65)
I		Any other liabilities, not elsewhere shown	(16)
J		Best Estimate	(1,325)
K		Insurance & intermediaries payables	(221)
L		Payables (trade, not insurance)	(37)
M		Reinsurance payables	(596)
N		Risk margin	64
O		Other Liabilities	(49)
P	**Asset over Liabilities Sol II: A+B+C+D+E+F+G+H-I-J-K-L-M-N-O**		473
Q		Deferred tax assets	10
R	**Sol II Own Funds: P+Q**		**484**
S	Total of reserves and retained earnings from financial statements		(18)
T	Differences between BEGAAP and Sol II: P-A		(65)
U	**Reconciliation reserve: S+T**		(83)

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. We have not reported any such additional solvency ratios.

E.1.1.6 Deferred tax assets (DTA) and Deferred tax liability (DTL)

As at 31 December 2021, LIC’s DTA amounts to 10.3 mEUR and LIC’s DTL amounts to 6.2 mEUR.

The Deferred tax asset consists of two elements: firstly a deferred tax asset based on the carry forward of unused tax losses, and secondly due to the valuation basis difference between the Solvency II and BEGAAP balance sheet Technical Provision valuation. However, this second element does not include an allowance for the difference based on the Solvency II Risk margin included in the Technical Provisions. This has been excluded considering guidance in the NBB circular titled "Circulaire relative à l'impact des impôts en Solvabilité II" with reference NBB_2020_03.

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. The Deferred tax liability consists primarily of the income related to future premium.

LIC has 200 mEUR of Tier 2 capital of which 110 mEUR 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 mEUR 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

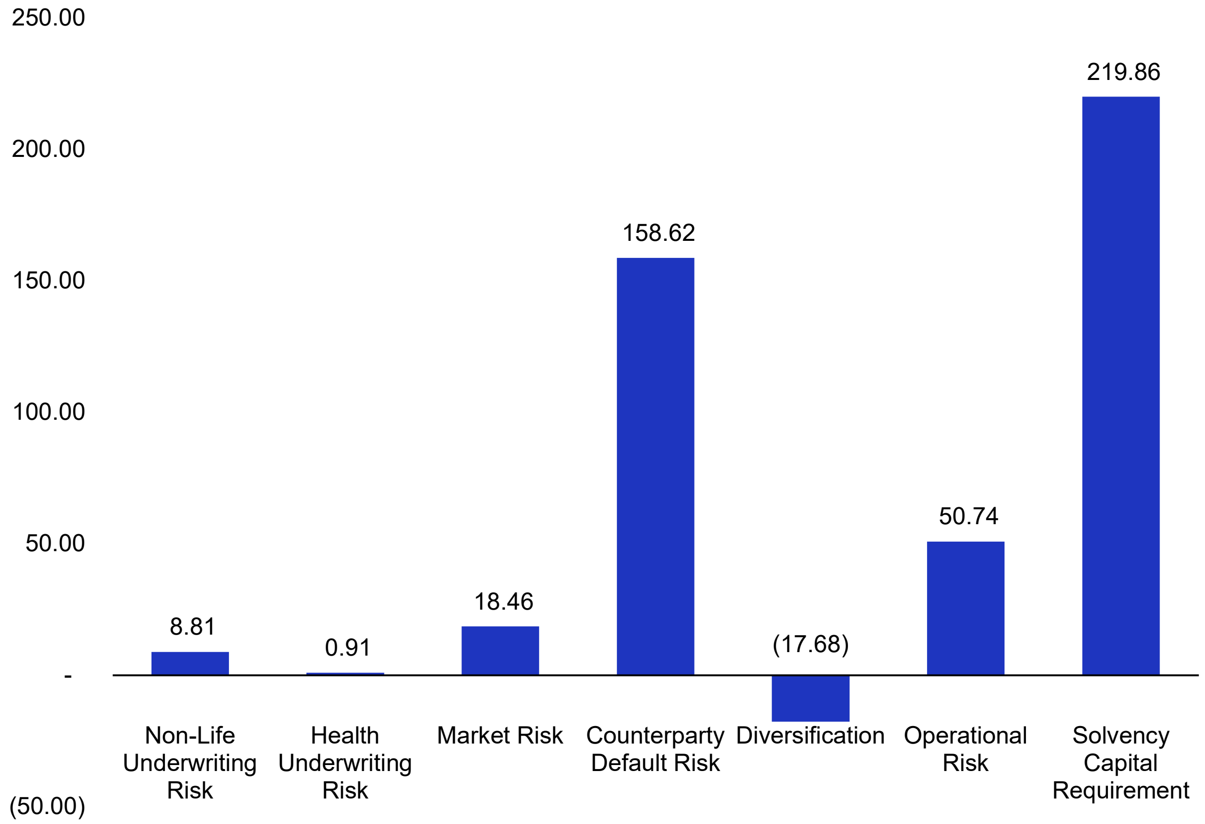
The company's Standard Formula Solvency Capital Requirement as at 31 December 2021 is 219.9 mEUR. The SCR is designed to absorb the loss resulting from the occurrence of a 1-in-200-year loss event over the next 12 months. The company uses the Standard Formula specified by EIOPA to estimate SCR. This 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 as at 31 December 2021 by risk type

		mEUR
Non-Life Underwriting Risk	Premium and Reserve Risk	5.23
	Catastrophe Risk	-
	Lapse Risk	7.10
	SCRnl Pre-Div	12.32
	Diversification Credit	3.51
	SCRnl	**8.81**
Health Underwriting Risk	NSLT Underwriting Risk	0.91
	SLT Underwriting Risk	-

	Catastrophe Risk	-
	SCRhealth Pre-Div	0.91
	Diversification Credit	-
	SCRhealth	**0.91**
Market Risk	Interest Rate Risk	11.74
	Equity Risk	0.57
	Property Risk	1.07
	Spread Risk	7.43
	Concentration Risk	0.00
	Currency Risk	7.37
	SCRmkt Pre-Div	28.18
	Diversification Credit	9.72
	SCRmkt	**18.46**
Counterparty Default Risk	Type 1 Risk	141.59
	Type 2 Risk	21.83
	SCRdef Pre-Div	163.42
	Diversification Credit	4.80
	SCRdef	**158.62**
Undiversified BSCR		186.80
Diversification Credit		17.68
Basic SCR		169.12
Operational Risk		50.74
Basic SCR + Operational Risk		219.86
Loss-Absorbing Capacity of Deferred Tax Liabilities		-
Final SCR		**219.86**
Eligible Own Funds		**583.15**
SCR Ratio		**265%**

Chart E.4: Breakdown of company's Solvency Capital Requirement by risk type mEUR



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 55.0 mEUR.

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

Item	mEUR
Linear MCR	1.39
SCR	**219.86**
MCR cap	98.94
MCR floor	54.96
Combined MCR	54.96
Absolute floor of the MCR	3.70
Minimum Capital Requirement	**54.96**

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 addons. 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 265% and 861%, 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 3.7 mEUR is applied to calculate the overall MCR requirement.

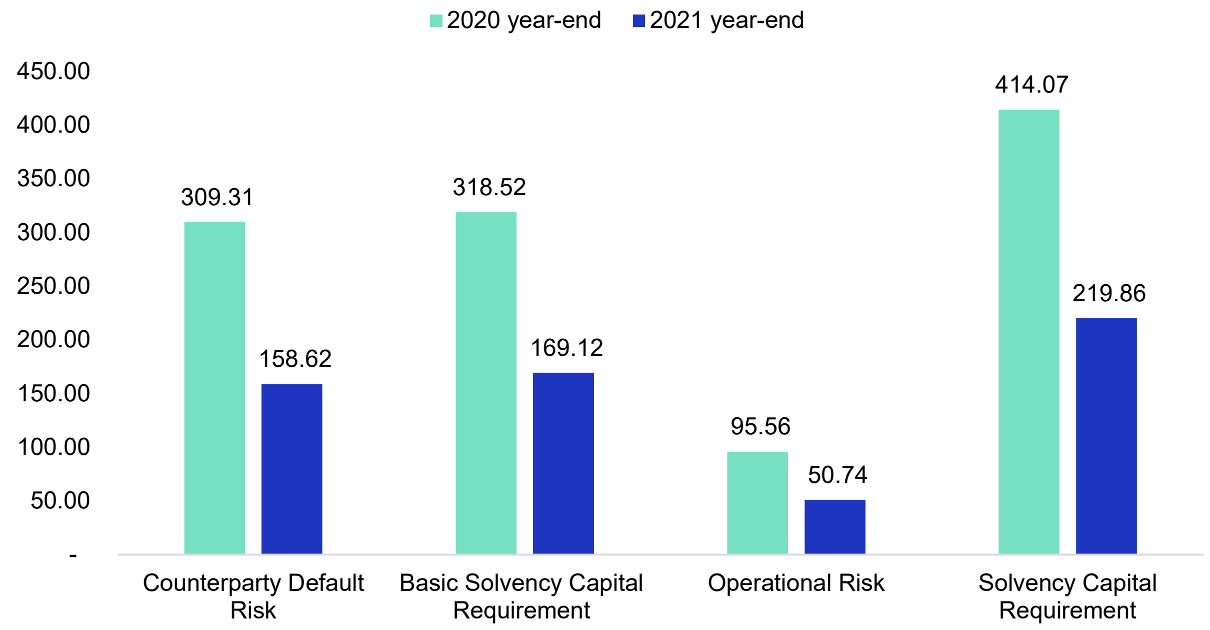
The following table shows how the SCR by risk category has evolved compared to the SCR for the year end 2020 reporting period. The material decrease observed relates to the decrease in counterparty default risk driven by LIC's counterparty default risk SCR calculated using a Credit Quality Step of 1, in comparison to 2 at 2020 year-end. See section C.3 Credit risk for a more detailed explanation.

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

High level risk category	2021 year-end mEUR	2020 year-end mEUR
Market risk	18.46	18.26
Counterparty default risk	158.62	309.31
Life underwriting risk	-	-
Health underwriting risk	0.91	0.96
Non-life underwriting risk	8.81	7.56
Diversification	(17.68)	(17.57)
Basic Solvency Capital Requirement	169.12	318.52
Operational Risk	50.74	95.56
Solvency Capital Requirement	219.86	414.07
Minimum Capital Requirement	54.96	103.52

Chart E.7: SCR comparison against previous reporting period mEUR



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 complies 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
BREXIT	The United Kingdom's ("UK") exit from the European Union ("EU")
CCO	Chief Compliance Officer
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CMDO	Chief Market Development Officer
COO	Chief Operating Officer
CQS	Credit Quality Step
CRO	Chief Risk Officer
CSHRO	Chief of Staff and HR 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
LFC	Lloyd's Finance Company
ManCo	Management Committee
MCR	Minimum Capital Requirement
NBB	National Bank of Belgium
NSLT	Non-Similar to Life Techniques
ORSA	Own Risk and Solvency Assessment

OSN	Overall Solvency Needs
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
RACI	Responsible, Accountable, Consulted, and Informed
RCA	Risk and Control Assessment
RIR	Risk Incident Reporting
RMF	Risk Management Function
RSR	Regular Supervisory Report
SCR	Solvency Capital Requirement
SFCR	Solvency and Financial Condition Report
SSTs	Stress and Scenario Tests
STFO	Settlement and Trust Fund Operations
UWR	Underwriting Risk

F.2 Quantitative Reporting Templates (QRT) at 2021 year-end

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

The reporting currency is Euro.

Table F.2: QRT List

S.02.01	Balance Sheet
S.05.01	Premiums, claims and expenses by line of business
S.05.02	Premiums, claims and expenses by country
S.17.01	Non-Life Technical Provisions
S.19.01	Non-Life Claims Information
S.23.01	Own Funds
S.25.01	Solvency Capital Requirement
S.28.01	Minimum Capital Requirement

F.2.1 S.02.01 Balance Sheet

		Solvency II value
		C0010
Assets		
Intangible assets	**R0030**	-
Deferred tax assets	**R0040**	10,316,176
Pension benefit surplus	**R0050**	-
Property, plant & equipment held for own use	**R0060**	4,345,434
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	498,945,728
Property (other than for own use)	**R0080**	-
Holdings in related undertakings, including participations	**R0090**	579,769
Equities	**R0100**	-
Equities - listed	**R0110**	-
Equities - unlisted	**R0120**	-
Bonds	**R0130**	498,365,959
Government Bonds	**R0140**	349,157,410
Corporate Bonds	**R0150**	149,208,549
Structured notes	**R0160**	-
Collateralised securities	**R0170**	-
Collective Investments Undertakings	**R0180**	-
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**	6,900,332,898
Non-life and health similar to non-life	**R0280**	6,900,332,898
Non-life excluding health	**R0290**	6,287,939,675
Health similar to non-life	**R0300**	612,393,223
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**	1,293,753,321
Reinsurance receivables	**R0370**	366,168,326
Receivables (trade, not insurance)	**R0380**	546,476
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**	366,366,507
Any other assets, not elsewhere shown	**R0420**	83,827
Total assets	**R0500**	9,440,858,693
		Solvency II value
		C0010
Liabilities		
Technical provisions – non-life	**R0510**	6,973,960,157
Technical provisions – non-life (excluding health)	**R0520**	6,354,991,454
Technical provisions calculated as a whole	**R0530**	-
Best Estimate	**R0540**	6,297,063,593
Risk margin	**R0550**	57,927,860
Technical provisions - health (similar to non-life)	**R0560**	618,968,704
Technical provisions calculated as a whole	**R0570**	-
Best Estimate	**R0580**	613,341,997
Risk margin	**R0590**	5,626,707
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**	691,100
Pension benefit obligations	**R0760**	1,054,826
Deposits from reinsurers	**R0770**	285,004,998
Deferred tax liabilities	**R0780**	6,222,606
Derivatives	**R0790**	-
Debts owed to credit institutions	**R0800**	-
Debts owed to credit institutions resident domestically	**ER0801**	-
Debts owed to credit institutions resident in the euro area other than domestic	**ER0802**	-
Debts owed to credit institutions resident in rest of the world	**ER0803**	-
Financial liabilities other than debts owed to credit institutions	**R0810**	5,342,239
Debts owed to non-credit institutions	**ER0811**	-
Debts owed to non-credit institutions resident domestically	**ER0812**	-
Debts owed to non-credit institutions resident in the euro area other than domestic	**ER0813**	-
Debts owed to non-credit institutions resident in rest of the world	**ER0814**	-
Other financial liabilities (debt securities issued)	**ER0815**	5,342,239
Insurance & intermediaries payables	**R0820**	326,672,714
Reinsurance payables	**R0830**	1,293,753,321
Payables (trade, not insurance)	**R0840**	36,053,458
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**	28,567,752
Total liabilities	**R0900**	8,957,323,171
Excess of assets over liabilities	**R1000**	483,535,522

F.2.2 S.05.01 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**	15,057,636	127,534,538	72,794,813	(53)	13,485,722	586,623,061	333,040,410	1,119,435,245	314,295,733	1,623,085	-	60,228,550					2,644,118,739
Gross - Proportional reinsurance accepted	**R0120**	(167,201)	3,101,249	7,552	-	87,030	76,724,411	116,898,428	52,021,273	3,402,538	547,835	-	1,280,291					253,903,405
Gross - Non-proportional reinsurance accepted	**R0130**													17,808,103	20,766,671	41,953,058	114,597,151	195,124,982
Reinsurers' share	**R0140**	14,890,435	130,635,787	72,802,364	(53)	13,572,752	663,347,472	449,938,837	1,171,456,518	317,698,272	2,170,920	-	61,508,841	17,808,103	20,766,671	41,953,058	114,597,151	3,093,147,126
Net	**R0200**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Premiums earned																		
Gross - Direct Business	**R0210**	15,595,393	141,818,476	65,193,890	(44)	12,774,749	573,228,721	346,377,548	975,610,933	241,632,094	1,900,265	-	55,726,982					2,429,859,006
Gross - Proportional reinsurance accepted	**R0220**	(164,544)	4,248,446	95,813	-	87,030	65,134,758	89,988,007	38,257,268	2,852,385	547,835	-	920,047					201,967,046
Gross - Non-proportional reinsurance accepted	**R0230**													15,148,738	14,163,173	33,266,628	101,122,929	163,701,467
Reinsurers' share	**R0240**	15,430,849	146,066,922	65,289,702	(44)	12,861,779	638,363,480	436,365,555	1,013,868,201	244,484,480	2,448,100	-	56,647,029	15,148,738	14,163,173	33,266,628	101,122,929	2,795,527,520
Net	**R0300**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims incurred																		
Gross - Direct Business	**R0310**	(1,380,509)	38,205,121	69,868,931	(841,139)	(19,688,316)	55,440,872	92,809,249	816,361,219	84,527,729	1,178,387	-	41,383,875					1,177,865,420
Gross - Proportional reinsurance accepted	**R0320**	(3,974,078)	715,856	1,915,503	(2,622,786)	(1,093,331)	77,487,432	65,844,386	4,621,928	304,609	137,622	-	1,554,916					144,892,057
Gross - Non-proportional reinsurance accepted	**R0330**													(1,270,274)	2,978,054	(50,397,218)	147,482,940	98,793,501
Reinsurers' share	**R0340**	(5,354,588)	38,920,978	71,784,434	(3,463,925)	(20,781,647)	132,928,304	158,653,635	820,983,147	84,832,338	1,316,009	-	42,938,791	(1,270,274)	2,978,054	(50,397,218)	147,482,940	1,421,550,978
Net	**R0400**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in other technical provisions																		
Gross - Direct Business	**R0410**	-	-	-	-	-	-	-	-	-	-	-	-					-
Gross - Proportional reinsurance accepted	**R0420**	-	-	-	-	-	-	-	-	-	-	-	-					-
Gross - Non- proportional reinsurance accepted	**R0430**													-	-	-	-	-
Reinsurers’ share	**R0440**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net	**R0500**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenses incurred	**R0550**	(25,439)	(180,172)	(115,964)	(1)	(22,108)	(472,151)	3,969	(1,346,955)	1,652,455	13,812	-	(84,697)	27,516	44,676	23,580	(90,713)	(572,191)
Other expenses	**R1200**																	-
Total expenses	**R1300**																	(572,191)

F.2.3 S.05.02 Premiums, claims and expenses by country

		Home country	Country (by amount of gross premiums written)	Country (by amount of gross premiums written)	Country (by amount of gross premiums written)	Country (by amount of gross premiums written)	Country (by amount of gross premiums written)	Total for top 5 countries and home country (by amount of gross premiums written)
			DE	FR	IE	IT	NL	
		C0080	C0090	C0090	C0090	C0090	C0090	C0140
Premiums written								
Gross - Direct Business	R0110	84,409,867	286,525,080	417,451,714	333,660,257	351,701,175	275,651,408	1,749,399,501
Gross - Proportional	R0120	6,153,644	33,637,187	8,552,205	20,481,837	5,341,757	11,821,246	85,987,875
Gross - Non-	R0130	7,563,302	128,421,040	15,979,865	5,608,212	404,523	10,830,148	168,807,089
Reinsurers' share	R0140	98,126,813	448,583,306	441,983,785	359,750,305	357,447,455	298,302,801	2,004,194,466
Net	R0200	-	-	-	-	-	-	-
Premiums earned								
Gross - Direct Business	R0210	75,630,794	262,949,015	351,731,329	291,400,966	340,925,440	266,583,167	1,589,220,712
Gross - Proportional	R0220	4,331,414	30,850,581	6,638,596	17,132,804	4,693,680	8,502,912	72,149,987
Gross - Non-	R0230	9,841,986	98,811,563	19,026,370	2,998,684	359,329	10,342,816	141,380,748
Reinsurers' share	R0240	89,804,195	392,611,159	377,396,295	311,532,454	345,978,449	285,428,895	1,802,751,448
Net	R0300	-	-	-	-	-	-	-
Claims incurred								
Gross - Direct Business	R0310	19,399,307	68,035,867	181,372,361	208,382,875	306,383,973	121,627,313	905,201,697
Gross - Proportional	R0320	3,855,242	17,526,429	3,830,071	15,813,891	6,664,562	6,606,265	54,296,460
Gross - Non-	R0330	3,267,411	60,843,187	(1,280,883)	1,193,618	359,478	3,069,545	67,452,356
Reinsurers' share	R0340	26,521,960	146,405,483	183,921,549	225,390,384	313,408,013	131,303,123	1,026,950,512
Net	R0400	-	-	-	-	-	-	-
Changes in other technical provisions								
Gross - Direct Business	R0410	-	-	-	-	-	-	-
Gross - Proportional	R0420	-	-	-	-	-	-	-
Gross - Non-	R0430	-	-	-	-	-	-	-
Reinsurers' share	R0440	-	-	-	-	-	-	-
Net	R0500	-	-	-	-	-	-	-
Expenses incurred	R0550	(12,463)	405,790	479,399	(512,983)	(496,583)	283,475	146,635
Other expenses	R1200							-
Total expenses	R1300							146,635

F.2.4 S.17.01 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	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**	2,615,612	29,376,671	19,053,451	(75,083)	2,054,001	79,824,107	42,969,894	224,825,744	189,692,560	130,244	-	9,794,955	2,034,936	2,563,250	2,276,660	3,934,429	611,071,430
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	2,699,127	29,948,308	19,466,330	(66,061)	2,115,370	83,502,259	45,742,521	230,324,038	189,962,693	133,315	-	10,090,249	2,191,792	2,656,119	2,433,301	4,614,345	625,813,704
Net Best Estimate of Premium Provisions	**R0150**	(83,515)	(571,636)	(412,879)	(9,022)	(61,369)	(3,678,152)	(2,772,627)	(5,498,294)	(270,133)	(3,071)	-	(295,294)	(156,856)	(92,869)	(156,642)	(679,915)	(14,742,274)
Claims provisions																		
Gross - Total	**R0160**	13,845,713	177,351,802	349,328,415	3,658,415	82,483,075	883,442,989	530,161,713	3,174,344,701	422,143,649	2,604,585	-	140,278,285	19,735,397	59,567,278	114,694,909	325,693,234	6,299,334,160
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	13,790,843	176,698,263	347,941,650	3,643,858	82,155,217	879,968,393	528,171,769	3,161,715,803	420,463,909	2,612,595	-	139,721,971	19,656,910	59,333,399	114,240,151	324,404,462	6,274,519,195
Net Best Estimate of Claims Provisions	**R0250**	54,870	653,539	1,386,765	14,557	327,858	3,474,597	1,989,943	12,628,898	1,679,740	(8,011)	-	556,313	78,487	233,879	454,759	1,288,772	24,814,966
Total Best estimate - gross	**R0260**	16,461,325	206,728,473	368,381,866	3,583,332	84,537,076	963,267,096	573,131,607	3,399,170,445	611,836,209	2,734,829	-	150,073,239	21,770,332	62,130,528	116,971,569	329,627,664	6,910,405,590
Total Best estimate - net	**R0270**	(28,645)	81,902	973,886	5,535	266,488	(203,555)	(782,683)	7,130,604	1,409,607	(11,081)	-	261,019	(78,369)	141,010	298,117	608,856	10,072,692
Risk margin	**R0280**	165,007	1,958,015	3,274,991	32,875	740,432	9,274,855	5,689,509	30,699,239	5,493,114	29,049	-	1,369,283	228,694	558,364	1,042,777	2,998,363	63,554,567
Amount of the transitional on Technical Provisions																		
TP as a whole	**R0290**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Best estimate	**R0300**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Risk margin	**R0310**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Technical provisions - total																		
Technical provisions - total	**R0320**	16,626,332	208,686,488	371,656,857	3,616,207	85,277,508	972,541,951	578,821,116	3,429,869,684	617,329,323	2,763,878	-	151,442,522	21,999,026	62,688,892	118,014,346	332,626,026	6,973,960,157
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	16,489,970	206,646,571	367,407,980	3,577,797	84,270,587	963,470,651	573,914,290	3,392,039,841	610,426,602	2,745,910	-	149,812,220	21,848,702	61,989,518	116,673,452	329,018,807	6,900,332,898
Technical provisions minus recoverables from reinsurance/SPV	**R0340**	136,362	2,039,917	4,248,877	38,410	1,006,921	9,071,300	4,906,826	37,829,844	6,902,721	17,967	-	1,630,302	150,324	699,375	1,340,894	3,607,219	73,627,259

F.2.5 S.19.01 Non-Life Claims Information

Total Non-Life Business

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

		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160
Prior	R0100																22,526,972
N- 14	R0110	-	350,935,878	226,317,774	110,385,618	94,220,924	83,339,795	84,335,416	39,155,600	29,743,119	26,897,666	24,825,077	19,280,100	19,387,814	2,837,109	12,352,534	
N -13	R0120	72,785,530	399,736,382	250,214,818	186,990,114	114,629,569	59,670,301	37,757,832	38,161,549	46,798,353	16,572,887	54,699,959	23,121,094	17,819,166	7,157,490		
N -12	R0130	109,937,209	286,723,523	244,514,903	108,112,844	78,425,784	82,042,990	31,421,633	22,751,980	20,500,260	23,279,054	55,375,466	77,093,990	-7,465,009			
N -11	R0140	71,247,010	349,728,840	323,841,188	185,691,565	44,132,556	40,474,536	56,452,654	25,141,095	14,313,482	22,925,861	13,257,041	13,585,979				
N -10	R0150	73,443,976	334,563,208	235,619,689	169,677,558	129,781,563	45,669,287	49,162,399	27,633,668	48,755,437	2,858,349	17,203,024					
N -9	R0160	85,511,471	322,727,988	277,757,639	114,570,652	103,369,257	105,471,985	36,444,655	32,700,405	18,769,408	41,159,324						
N -8	R0170	163,960,404	366,490,523	333,125,096	165,183,620	92,494,499	57,455,129	49,702,079	36,662,952	50,298,620							
N -7	R0180	63,657,266	358,650,220	292,862,640	265,300,903	151,934,787	468,939,333	42,914,390	47,545,687								
N -6	R0190	97,602,409	343,921,598	328,770,406	208,760,935	109,205,910	82,778,405	105,608,714									
N -5	R0200	100,668,837	391,318,975	356,639,388	204,282,352	130,700,368	134,884,252										
N -4	R0210	84,231,311	336,163,965	424,772,229	279,264,613	151,226,215											
N -3	R0220	55,839,123	416,531,771	331,468,475	160,503,926												
N -2	R0230	61,858,922	328,536,361	333,148,168													
N -1	R0240	50,481,940	255,018,609														
N	R0250	46,323,872															

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

		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0310	C0320	C0330	C0340	C0350
Prior	R0100																210,622,504
N- 14	R0110	-	-	-	-	-	-	-	-	-	-	-	-	-	-	43,594,123	
N -13	R0120	-	-	-	-	-	-	-	-	-	-	-	-	-	71,902,589		
N -12	R0130	-	-	-	-	-	-	-	-	-	-	-	-	44,543,568			
N -11	R0140	-	-	-	-	-	-	-	-	-	-	-	58,053,817				
N -10	R0150	-	-	-	-	-	-	-	-	-	-	81,752,663					
N -9	R0160	-	-	-	-	-	-	-	-	-	102,918,578						
N -8	R0170	-	-	-	-	-	-	-	-	143,911,973							
N -7	R0180	-	-	-	-	-	-	-	258,777,035								
N -6	R0190	-	-	-	-	-	-	300,606,326									
N -5	R0200	-	-	-	-	-	577,361,222										
N -4	R0210	-	-	-	-	653,478,222											
N -3	R0220	-	-	-	700,956,446												
N -2	R0230	-	-	1,079,302,142													
N -1	R0240	-	1,081,116,795														
N	R0250	916,381,799															

Gross Claims Paid (non-cumulative) - Current year, sum of years (cumulative)

		In Current year	Sum of all years (cumulative)
		C0170	C0180
Prior	R0100	22,526,972	22,526,972
N-14	R0110	12,352,534	1,124,014,423
N-13	R0120	7,157,490	1,326,115,044
N-12	R0130	(7,465,009)	1,132,714,629
N-11	R0140	13,585,979	1,160,791,806
N-10	R0150	17,203,024	1,134,368,157
N-9	R0160	41,159,324	1,138,482,785
N-8	R0170	50,298,620	1,315,372,922
N-7	R0180	47,545,687	1,691,805,226
N-6	R0190	105,608,714	1,276,648,378
N-5	R0200	134,884,252	1,318,494,173
N-4	R0210	151,226,215	1,275,658,333
N-3	R0220	160,503,926	964,343,295
N-2	R0230	333,148,168	723,543,451
N-1	R0240	255,018,609	305,500,549
N	R0250	46,323,872	46,323,872
Total	R0260	1,391,078,379	15,956,704,017

Gross discounted Best Estimate Claims Provisions - Current year, sum of years (cumulative)

		Year end (discounted data)
		C0360
Prior	R0100	211,109,208
N-14	R0110	43,567,982
N-13	R0120	71,800,699
N-12	R0130	44,430,027
N-11	R0140	57,841,821
N-10	R0150	81,497,157
N-9	R0160	102,450,192
N-8	R0170	143,120,246
N-7	R0180	257,225,330
N-6	R0190	298,690,659
N-5	R0200	574,293,887
N-4	R0210	650,152,119
N-3	R0220	697,173,934
N-2	R0230	1,074,622,692
N-1	R0240	1,076,450,683
N	R0250	914,907,525
Total	R0260	6,299,334,160

F.2.6 S.23.01 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**	555,939,382	555,939,382		-	
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**	(82,720,037)	(82,720,037)			
Subordinated liabilities	**R0140**	-		-	-	-
An amount equal to the value of net deferred tax assets	**R0160**	10,316,176				10,316,176
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**	483,535,522	473,219,346	-	-	10,316,176
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**	200,000,000			200,000,000	
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**	200,000,000			200,000,000	-
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	683,535,522	473,219,346	-	200,000,000	10,316,176
Total available own funds to meet the MCR	**R0510**	473,219,346	473,219,346	-	-	
Total eligible own funds to meet the SCR	**R0540**	583,149,333	473,219,346	-	109,929,987	-
Total eligible own funds to meet the MCR	**R0550**	473,219,346	473,219,346	-		
SCR	**R0580**	219,859,974				
MCR	**R0600**	54,964,993				
Ratio of Eligible own funds to SCR	**R0620**	2.65				
Ratio of Eligible own funds to MCR	**R0640**	8.61				

Reconciliation reserve	

		C0060
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	483,535,522
Own shares (held directly and indirectly)	**R0710**	-
Foreseeable dividends, distributions and charges	**R0720**	-
Other basic own fund items	**R0730**	566,255,558
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	-
Reconciliation reserve	**R0760**	(82,720,037)
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	-
Expected profits included in future premiums (EPIFP) - Non-life business	**R0780**	19,400,706
Total Expected profits included in future premiums (EPIFP)	**R0790**	19,400,706

F.2.7 S.25.01 Solvency Capital Requirement

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

Basic Solvency Capital Requirement				
		Net solvency capital requirement	**Gross solvency capital requirement**	**Allocation from adjustments due to RFF and Matching adjustments portfolios**
		C0030	**C0040**	**C0050**
Market risk	**R0010**	18,456,610	18,456,610	-
Counterparty default risk	**R0020**	158,616,644	158,616,644	-
Life underwriting risk	**R0030**	-	-	-
Health underwriting risk	**R0040**	914,689	914,689	-
Non-life underwriting risk	**R0050**	8,814,361	8,814,361	-
Diversification	**R0060**	(17,679,249)	(17,679,249)	
Intangible asset risk	**R0070**	-	-	
Basic Solvency Capital Requirement	**R0100**	169,123,057	169,123,057	

Calculation of Solvency Capital Requirement		
		Value
		C0100
Adjustment due to RFF/MAP nSCR aggregation	**R0120**	-
Operational risk	**R0130**	50,736,917
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**	219,859,974
Capital add-on already set	**R0210**	-
Solvency capital requirement	**R0220**	219,859,974
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**	-

F.2.8 S.28.01 Minimum Capital Requirement

Linear formula component for non-life insurance and reinsurance obligations		MCR components
		C0010
MCRNL Result	R0010	1,387,636

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	81,902	-
Workers' compensation insurance and proportional reinsurance	R0040	973,886	-
Motor vehicle liability insurance and proportional reinsurance	R0050	10,129	-
Other motor insurance and proportional reinsurance	R0060	266,488	-
Marine, aviation and transport insurance and proportional reinsurance	R0070	192,216	-
Fire and other damage to property insurance and proportional reinsurance	R0080	-	-
General liability insurance and proportional reinsurance	R0090	7,143,074	-
Credit and suretyship insurance and proportional reinsurance	R0100	1,409,607	-
Legal expenses insurance and proportional reinsurance	R0110	533	-
Assistance and proportional reinsurance	R0120	-	-
Miscellaneous financial loss insurance and proportional reinsurance	R0130	278,670	-
Non-proportional health reinsurance	R0140	-	-
Non-proportional casualty reinsurance	R0150	141,010	-
Non-proportional marine, aviation and transport reinsurance	R0160	298,117	-
Non-proportional property reinsurance	R0170	608,856	-

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**	1,387,636
SCR	**R0310**	219,859,974
MCR cap	**R0320**	98,936,988
MCR floor	**R0330**	54,964,993
Combined MCR	**R0340**	54,964,993
Absolute floor of the MCR	**R0350**	3,700,000
Minimum Capital Requirement	**R0400**	54,964,993