Solvency and Financial Condition Report
[year-end 30 September 2023]

The Equine and Livestock Insurance Company Limited

COMPANY NUMBER 294940

Executive Summary

The principal activity of The Equine and Livestock Insurance Company Limited ("**the Company**") is the underwriting of general insurance policies. The Company is authorised to effect and carry out contracts for the following insurance classes:

- Damage to property
- Fire and natural forces
- General liability
- Legal expenses
- Liability for ships
- Miscellaneous financial loss
- Ships

These are classified as "Miscellaneous Financial Loss" and "General Liability" and "Fire and Other Damage to Property" under the Solvency II regime.

The Company underwrites business in the UK, Channel Islands and Isle of Man.

This Solvency and Financial Condition Report ("**SFCR**") has been provided as part of the Company's reporting requirements under the Solvency II Directive, effective from 1 January 2016. This is disclosed publicly to meet the public disclosure requirements of Articles 290 to 303 of the Commission Delegated Regulation (EU) 2015/35.

The SFCR has been completed using data and results published in the Own Risk & Solvency Assessment ("**ORSA**") report and year end data contained within the Prudential Regulation Authority ("**PRA**") return. The ORSA provides a comprehensive assessment of the Company's risk profile and solvency position for use in decision making. It is also used for a forward-looking view of potential risk scenarios that could impact the Company's business plans over the next 5 years. The SFCR sets out the Company's business performance, system of governance, risk profile, valuation for solvency purposes and capital management practices.

The SFCR details all currently available information on the Company's risk exposures and their potential capital impacts and provides an overview of the way in which the Company views these elements of its business. It also describes the risk management framework and processes which the Company employs to manage risk within the Governing Body's stated appetite and with the objective of providing protection for its policy holders.

Business and Performance Summary

The Company is a private limited company; a composite general insurer committed to the provision of personal lines insurance products to targeted consumer groups. The Company is dedicated to providing insurance products that provide comprehensive cover at an affordable price; the Company's business model is based on providing underwriting and claims solutions that will meet the needs of consumers.

The Company made a total profit after tax of £2,356,000 for the year ending 30 September 2023 (2022: £1,116,000). The Company's capital was at 190% of its Solvency Capital Requirement ("**SCR**"), (2022:155%).

System of Governance Summary

The Governing Body is responsible for the overall control of the Company via careful and prudent management; they are concerned with the business strategies and the day-to-day detail of insurance operations. The Company's Governing Body, as of the date of this report, consists of three Executive and two Non-Executive Directors. Section 3 provides full details of the Company's system of governance.

Risk Profile Summary

The Company is exposed to risks that are high in frequency and low in severity. These are identified in the Company's risk management framework.

The Company does not actively seek out new risks as a means of generating a return on capital, but instead manages the risk to which it is exposed in the fulfilment of its governing objectives to ensure it maintains sufficient capital.

The Company's risk philosophy is to explicitly recognise the uncertainty inherent in its activities, and to manage the risk resulting from this uncertainty in a way which creates and protects its ability to achieve its objectives whilst also ensuring that it treats its customers fairly and balances the interests of all its stakeholders.

The largest component of the Company's risk profile is insurance risk, particularly underwriting risk: the risk of loss, or of adverse change in the value of insurance liabilities, due to inadequate pricing and reserving assumptions. The Company mitigates this risk by controlling pricing, underwriting and reserving assumptions.

There has been no change in the Company's risk profile since the 2022 SFCR.

Valuation for Solvency Purposes Summary

The Company's assets and liabilities have been valued in line with Solvency II regulations.

As at 30 September 2023 the Company had own funds of £51.0m compared to £47.7m at 30 September 2022.

Capital Management Summary

The Company's Governing Body set its SCR Capital Risk Appetite tolerance during the year to 30 September 2023 to be 143% of the SCR (2022 134%), with a monitoring trigger of 148% and target of 153%.

Business and Performance

Business and External Environment

The Equine and Livestock Insurance Company Limited, Thorpe Underwood Hall, Ouseburn, York, YO26 9SS is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. The Company's Financial Services Register Number is 202748. The Company has been categorised as a category 5 firm by the PRA and a category 4 firm by the Financial Conduct Authority ("**FCA**"). The Company's company registration number is 294940.

The FCA's registered address is:

Financial Conduct Authority
12 Endeavour Square
London
E20 1JN

The PRA's registered address is:

Prudential Regulation Authority
20 Moorgate
London
EC2R 6DA

The Company's external auditors are:

BDO LLP
55 Baker Street
London
W1U 7EU

The Company's internal auditors are:

RSM Assurance Services LLP
14th Floor
20 Chapel Street
Liverpool
L3 9AG

The Company obtains assistance in certain actuarial matters from:

Lane Clark & Peacock LLP
95 Wigmore Street
London
W1U 1DQ

The Company is a general insurance company with three appointed representatives:

- Entertainment & Leisure Insurance Services Ltd [FRN: 402233]
- Entertainment and Leisure Insurance Services (Jersey) Ltd [FRN:601637]
- Lifestyle Policy Ltd [FRN:920942]

Entertainment & Leisure Insurance Services Ltd and Lifestyle Policy Ltd are related to the Company by virtue of common management systems and structures.

Foxlow Limited a BVI company is considered to be the ultimate controlling party by virtue of the fact that the entity owns all of the Company's share capital.

The Company's financial year end is 30 September each year. There were no significant business (or other) events during the period under review that had a material impact on the Company.

Underwriting Performance

The Company currently underwrites risks located in the UK, Channel Islands and Isle of Man only. Customers are private individuals, professionals and semi-professionals residing in the United Kingdom and Channel Islands.

The Company is a specialist general insurer selling a suite of products to consumers through non-advised sales. Distribution is through three appointed representatives.

The Company writes a range of niche personal lines of business. The business is predominantly animal, split largely between Pet with some pleasure Horse. Non-animal business is also transacted and categorised into a separate grouping and includes Caravan, Musical Equipment, Wedding (relaunched in December 2022), Golf, Marine / Leisure Boats, Photographic, Cycle and Student possessions covering property risk and minimal associated ancillary risk.

The Company's vision during the 2022-23 financial year was to:

- Provide distributors (ARs) with high quality, innovative, consumer centric general insurance products,
- To be recognised as a leading general insurer providing first class service to Distributers (ARs) and direct claims service to policyholders.
- Provide a positive contribution to the environment and social needs of the world.
- to support this vision by utilising best practise and embracing automation, digitalisation, and simplification. People are intrinsic to the vision and so the Company is committed to extensive HR initiatives to promote continuous improvement.
- To maintain growth at a sustainable rate and make sufficient profit in order to provide the Shareholder with investment value by way of issuing dividends.

During the year ending 30 September 2023, gross written premiums decreased 12.9% compared to the prior year (2022: decrease 1.4%) and gross claims incurred decreased 14.0% before reinsurers share (2022: decreased 3.6%). A summary of the Company's underwriting performance for this period is shown below:

	2022 Total £000	2023 General Liability	2023 Miscellaneous Financial Loss	2023 Property	2023 Total £000
Gross Written Premium					
Gross Direct Business	82.968	1,085	69,050	2,169	72,304
Reinsurers Share	(32,799)	(429)	(27,326)	(858)	(28,614)
Net Premiums Written	**50,168**	**655**	**41,724**	**1,311**	**43,690**
Gross Earned Premium					
Gross Direct Business	82,760	1,099	69,951	2,197	73,247
Reinsurers Share	(33.017)	(435)	(27,686)	(870)	(28,991)
Net Premiums Earned	**49,744**	**664**	**42,265**	**1,328**	**44,256**
Claims Incurred	70,990	915	58,270	1,830	61,016
Reinsurers Share	(27,982)	(366)	(23,607)	(732)	(24,405)
Net Claims Incurred	**43,009**	**549**	**34,963**	**1.098**	**36,611**
Expenses Incurred	6,363	108	6,899	217	7,224

Gross Claims Paid (non-cumulative)

(absolute amount £000)

Year	0	1	2	3	4	5	6	7	8	9	10& +	In current year	Sum of years (cumulative)
Prior													
2014	14,660	6,507	550	128	27	1	0	0	0	0		0	21,874
2015	16,823	7,257	248	115	6	16	37	0	0			0	24,519
2016	21,124	11,854	272	13	44	0	0	1				1	33,308
2017	24,381	10,698	83	56	37	0	0					0	35,256
2018	52,255	3,912	133	148	140	41						41	56,630
2019	65,422	4,845	101	74	219							219	70,663
202	57,717	6,162	153	144								144	64,175
2021	65,554	8,770	107									107	74,431
2022	61,239	5,880										5,880	67,119
2023	56,237											56,2237	56,237
												62,629	504,212

Performance from Investment Activities

The Company will continue to invest its regulatory capital in low-risk bank deposits, Treasury Bills and property, resulting in conservative investment returns for its cash balances and higher returns for its property portfolio. The objective is to avoid potential adverse fluctuations in the reserves.

The Company did not invest in equity or investments in securitisation assets.

The Company aligns its strategy with its capital requirements by calculating the Solvency Capital Requirement ("**SCR**") and Minimum Capital Requirement ("**MCR**") based on its business plan and revised forecast, to enable it to plan for future capital needs.

Investment income from investments is as:

	2022 **£000**	**2023** **£000**
Bank Deposits & Treasury Bills	583	2,119
Property	476	528
FV Mvt on Investments	(21)	(10)
Total Investment Income	**1,037**	**2,637**

Performance of Other Activities

The Company's net operating costs and expenses incurred for all activities were as follows:

	2022 **£000**	**2023** **£000**
Acquisition Costs	739	806
Administrative Expenses	3,601	4,335
Net Operating Expenses	**4,340**	**5,141**
Claims Expenses	2,021	2,083
Expenses Incurred	**6,363**	**7,224**

Any Other Disclosures

Each insurance product offered by the Company reflects the demand from its customers and gaps identified in the current market following market research analysis reports. These reports analyse a variety of areas from industry overview, target market, competition analysis to market regulations and restrictions, this assists the Company in determining if the current offerings are still compliant with customer needs and requirements.

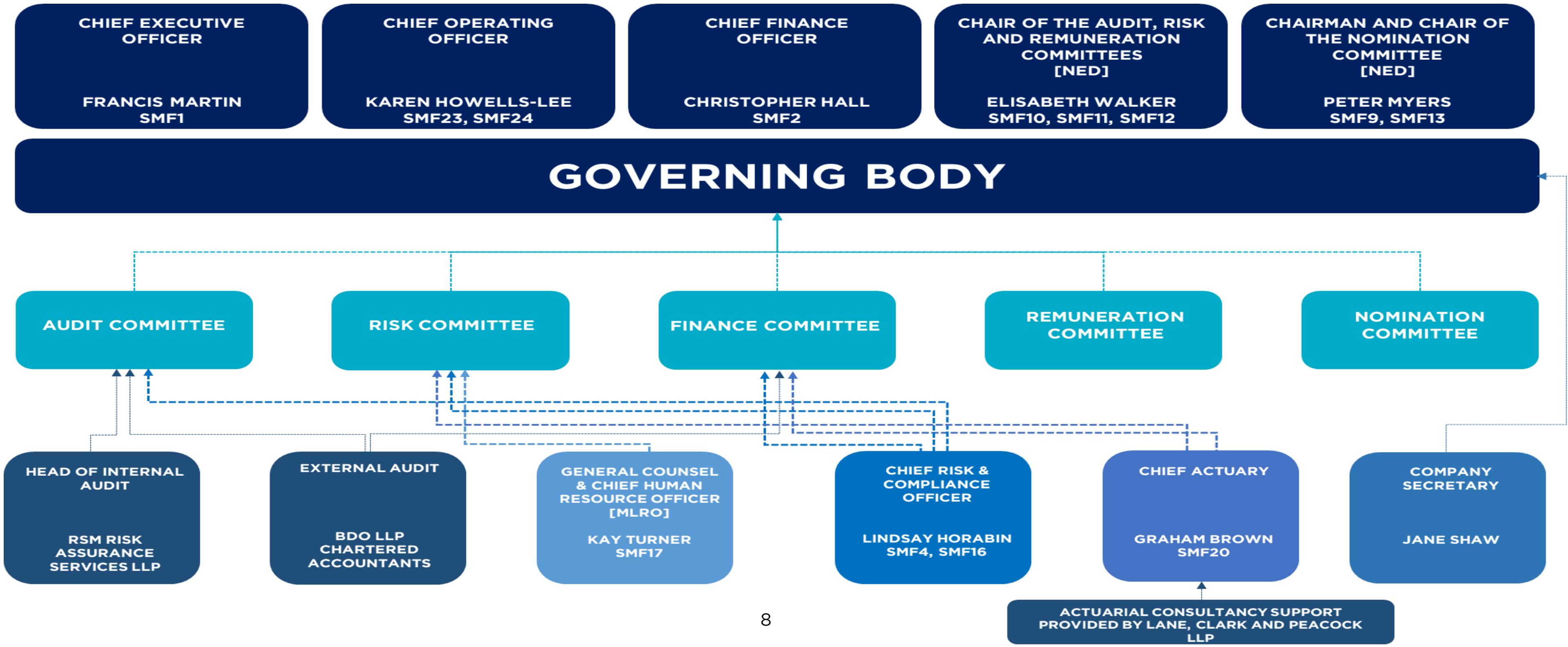
The Company has an appetite for developing new products within existing lines which reflect the Governing Body's strategy for maintaining measured long-term growth within capital constraints.

System of Governance

General Governance Arrangements

Under the Senior Managers and Certification Regime ("**SM&CR**"), the Financial Conduct Authority ("**FCA**") and the Prudential Regulation Authority ("**PRA**") define a set of Prescribed Responsibilities to be allocated to a Senior Manager.

The following Management Responsibilities Map reflects the Company's current senior management structure:



The Company continuously evaluates its governance and senior management structure in order to ensure suitable segregation of duties along with ensuring capacity and skills within the function.

The role of the Governing Body is to determine the overall strategic direction and management of the Company and to monitor its performance. In performing its duties, the Governing Body will meet in accordance with the terms of reference and act in the best interests of the Company as a whole, including its shareholders, employees and in appropriate cases, policyholders and creditors.

The Company operates a linear management structure that ensures good communications and efficiency of working. The management team monitors every aspect of the Company's systems, controls and administrative structure in great detail. They are able to detect early signs of problems and market shifts and are able to resolve these problems at first hand.

Name	Role	SMF	Reports to	Employment status	Other (current) FCA Directorships
Peter Myers	Chairman (NED)	SMF9, SMF13	Shareholder	Fixed term appointment	None
DUAL - F	*Responsibility for (a) leading the development of; and (b) and monitoring the effective implementation of policies and procedures for the induction, training and professional development of all members of the firm's governing body*				
PRA – I	*Responsibility for leading the development of the firm's culture by the governing body as a whole*				
PRA - U	*Responsibility for ensuring that the firm's performance of its obligations under Fitness and Propriety (in the PRA Rulebook) in respect of notified non-executive directors and those who perform a key function (where applicable for insurers)*				

Name	Role	SMF	Reports to	Employment status	Other (current) FCA Directorships
Francis Martin	Chief Executive Officer	SMF1	Governing Body	Employee	CF1 (AR): Entertainment and Leisure Insurance Services (Jersey) Ltd: Entertainment & Leisure Insurance Services Ltd & Lifestyle Policy Limited
DUAL – A	*Responsibility for the firm's performance of its obligations under the senior management regime*				
DUAL – B	*Responsibility for the firm's performance of its obligations under the certification regime*				
DUAL - C	*Responsibility for compliance with the requirements of the regulatory system about the management responsibilities map*				
PRA - H	*Responsibility for overseeing the adoption of the firm's culture in the day-to-day management of the firm*				
PRA - T	*Responsibility for the development and maintenance of the firm's business model by the governing body*				

Name	Role	SMF	Reports to	Employment status	Other (current) FCA Directorships
Karen Howells-Lee	Chief Operating Officer/Chief Underwriting Officer Function/Claims Management Key Function Holder	SMF23, SMF24	Governing Body	Employee	CF1 (AR): Entertainment & Leisure Insurance Services Ltd
DUAL - G	*Responsibility for monitoring the effective implementation of policies and procedures for the induction, training and professional development of all of the senior managers / key function holders (other than members of the firm's governing body).*				
PRA - X	*Responsibility for the firm's performance of its obligations under the Outsourcing part of the Rulebook (for CRR and non CRR firms), Conditions Governing Business 7 (for SII firms and third county branches) or Non Solvency II firms: Governance 5 (for large NDFs)*				

Name	Role	SMF	Reports to	Employment status	Other (current) FCA Directorships
Christopher Hall	Chief Finance Officer	SMF2	Governing Body	Employee	CF1 (AR): Entertainment & Leisure Insurance Services Ltd & Lifestyle Policy Limited

Name	Role	SMF	Reports to	Employment status	Other (current) FCA Directorships
PRA - O	*Responsibility for management of the allocation and maintenance of the firm's capital, funding (where applicable) and liquidity*				
PRA - Q	*Responsibility for the production and integrity of the firm's financial information and its regulatory reporting*				
FCA - Z	*Responsibility for the firm's compliance with CASS*				
Responsibility for identifying and managing financial risks from climate change.					

Name	Role	SMF	Reports to	Employment status	Other (current) FCA Directorships
Lindsay Horabin	Chief Risk & Compliance Officer	SMF4, SMF16	Governing Body	Employee	None
PRA – T2	*Responsibility for performance of the firm's Own Risk and Solvency Assessment (ORSA)*				
FCA – B1	*Responsibility for the firm's (a) conduct rules training; and (b) conduct rules reporting*				

Name	Role	SMF	Reports to	Employment status	Other (current) FCA Directorships
Graham Brown	Chief Actuary	SMF20	Governing Body	Employee	None

Name	Role	SMF	Reports to	Employment status	Other (current) FCA Directorships
Elisabeth Walker	Non-executive Director - Committees	SMF10, SMF11, SMF12	Governing Body	Fixed term appointment	None
DUAL – J2	*Responsibility for providing for and oversight of the internal audit function, where the function is outsourced to an external third-party provided by non-significant firms*				
DUAL - M	*Responsibility for overseeing the development of and implementation of the firm's remuneration policies and practices*				
DUAL - N	*Responsibility for oversight of the independence, autonomy and effectiveness of the firm's policies and procedures on whistleblowing*				
Whistleblower's Champion					
Consumer Duty Champion					

Name	Role	SMF	Reports to	Employment status	Other (current) FCA Directorships
Kay Turner	General Counsel & Chief Human Resource Officer / MLRO	SMF17	Governing Body	Employee	None
FCA - D	*Responsibility for the firm's policies and procedures for countering the risk that the firm might be used to further financial crime.*				

Name	Role	SMF	Reports to	Employment status	Other (current) FCA Directorships
RSM Assurance Services LLP	Head of Internal Audit	SMF5 n/a [outsourced]	Governing Body	Outsourced service contract	n/a

Name	Role	SMF	Reports to	Employment status	Other (current) FCA Directorships
Jane Shaw	Company Secretary	n/a	Chief Executive Officer	Employee	None

Material Transactions with Shareholders and Directors

There were no material transactions with the directors during the period.

Material transactions with the shareholder included interest received by the Company of £0.8m on the loan to the shareholder and interim dividends paid of £0.7m.

Committees

The Governing Body has established the following committees, under its authority, to manage the detail of certain functions:

- Finance Committee
- Audit Committee
- Risk Committee
- Remuneration Committee
- Nomination Committee

In addition, the Executive Directors established the executive-level Finance Forum, Risk & Compliance Forum and Executive Forum.

Finance Committee

The Finance Committee provides oversight of, and advice on, matters relating to the Company's financial position and financial related matters. Comprising the Chairman, Non-Executive Director (Committees), CEO, COO and CFO, the Finance Committee meets at least four times a year and met eleven times during 2022 / 2023.

Audit Committee

The Audit Committee monitors the integrity of the financial statements and formal related company announcements along with the effectiveness and objectivity of the Internal Audit function and the External Auditor. Comprising the Chairman and Non-Executive Director (Committees), the Audit Committee meets at least four times a year and met seven times during 2022 / 2023.

Risk Committee

The Risk Committee provides oversight and opinion on the risk appetite, risk management framework, SFCR, ORSA, balance sheet risks and management (including liquidity and capital) and key risk exposures. Comprising the Chairman, Non-Executive Director (Committees), CEO, COO, CFO and Chief Risk & Compliance Officer, the Risk Committee meets at least four times a year and met seven times during 2022 / 2023.

Remuneration Committee

The Remuneration Committee discharges its responsibilities to the shareholder and regulators by creating and maintaining a formal and transparent remuneration policy and associated practices that reward fairly and responsibly, with a clear link to the Company's performance and individual performance. Comprising the Chairman and Non-Executive Director (Committees), the Remuneration Committee met once during 2022 / 2023.

The Remuneration of the Governing Body Policy is set by the Remuneration Committee and seeks to ensure that the interests of the Directors are aligned with the Company's business strategy and risk tolerance, objectives, values and the Company's long-term interests and aims to ensure the Company is able to attract and retain highly competent Directors. Total overall remuneration takes account both the external market and Company conditions to achieve a balanced, 'fair' outcome. The remuneration package includes pension contributions, no performance related rewards were included during the year. The Chair or any Director will withdraw from discussions concerning their own appointment, remuneration or terms of service to avoid conflicts of interest.

Nomination Committee

The Nomination Committee manages the appointment process for new members of the Governing Body, coordinating with existing Governing Body discussions on Company strategy, Governing Body evaluations and succession planning. Comprising the Chairman and Non-Executive Director (Committees), the Nomination Committee met once during 2022 / 2023.

Finance Forum (executive-level)

The Finance Forum develops strategic and operational financial objectives and monitors the implementation of these objectives. Comprising the CEO, COO and CFO, the Finance Forum meets at least eight times a year.

Risk and Compliance Forum (executive-level)

The Risk & Compliance Forum has oversight of the risk profile and reviews and challenges the risks associated with the strategy. Comprising the CEO, COO, CFO and Chief Risk & Compliance Officer, the Forum meets at least eight times a year.

Executive Forum (executive-level)

The Executive Forum develops strategic and operational objectives and monitor the implementation of these objectives. Comprising the CEO, COO and CFO, the Executive Forum meets at least eight times a year.

Fit and Proper Requirements

Skills, Knowledge, and Expertise

In line with the SM&CR the Company has in place a Fit and Proper Persons Assessment Policy. The objective of the policy is to ensure that the Company is soundly and prudently managed. In determining a person's fitness and propriety the Company will consider that person's:

- Personal characteristics (good repute, integrity etc.)
- Level of competence, knowledge and experience
- Qualifications
- Training
- Business conduct
- Compliance with conduct standards

In order to perform a Senior Management Function, a person must have the qualifications, technical competencies, training and personal characteristics as detailed within that role profile.

Assessing Fitness and Propriety

Assessment of fitness and propriety includes:

- Recruitment: covering the consideration of duties, an appointment process matching the selected person to the requirements of the post, verifications of qualifications and probity checks.
- Documentation: including passport, evidence of address, DBS check.

- Verification: the Company must verify the information necessary in its opinion to establish the applicant has the experience necessary to fulfil the designated role and that there are no issues arising from the material that would cause the Company to reconsider its proposal to appoint that person.

Applicants may not be appointed to a Senior Management Function until approved by the Regulators.

Once appointed, applicants are expected to remain competent for the position(s) they hold, including ensuring Continued Professional Development ("**CPD**"), displaying appropriate business conduct and demonstrating compliance with conduct standards. The Company reviews fitness and propriety at least once annually.

Where there has been wrongdoing, the Company may make all reasonable efforts to establish grounds for taking disciplinary action and where appropriate take the action. In any case, where such matters come to light, they may be reported immediately to the FCA and the PRA.

Risk Management System

Risk Management Framework

An effective risk management framework ensures that material risks receive sufficient attention from the Company's Governing Body. The Chief Risk & Compliance Officer (CRCO), as the Chief Risk Function holder, has responsibility for risk management arrangements and ensures regular risk reviews are conducted, documented, and presented to the Governing Body via the Risk Committee.

The Company's risk management framework compromises the three lines of defence model and endeavours to:

- Identify all material risks to the Company.

- Assess the identified Risks in terms of their impacts and likelihood with the use of the approved Risk Scoring matrix.
- Implement Controls to mitigate and manage the risks within the Company's approved risk appetite.
- Adhere to Governing Body set risk appetite.
- Embed the Risk Management Framework through implementation and continued evolution of the Risk & Control Self-Assessment framework.
- Report on all risk management activities within the Company including losses, risk events, and near misses.
- Report on a quarterly basis the performance of risk appetite measures to the relevant Committees including any breaches and plans to resolve these where applicable.
- Continuously work closely with the first line to support and challenge the outputs from their risk management activities and improve the internal control environment.
- Promote a risk awareness culture and risk capabilities within the Company.

Having a clear and informed view of risk capacity is a pre-requisite for meeting Solvency II requirements as it is the baseline used in determining the SCR. This allows it to be contrasted with the other key measure of risk capacity used under Solvency II the MCR. This is defined in the guidance for Solvency II as the "gone measure" i.e., the funds an organisation would require to meet its liabilities in the event of a controlled winding up. It is a sub-measure of the SCR, the difference being the capital required to support ongoing business and future operations.

The volume of business taken on determines the level of gross insurance risk exposure that the Company accepts. Where the gross exposure is more than the Governing Body wishes to accept, reinsurance is used to reduce the potential exposure, producing a net level of insurance risk which is in line with the Company's capital management objectives. The cover is arranged via specialist reinsurance brokers utilising reinsurers with a rating of B or above in the Lloyds and company market. There is an approved Risk Appetite's level authorisation which provides guidance for individuals/Committees in the Company who have authority to make decisions which affect the level of risk exposure; so that they can act with confidence and can be sure that they are implementing the Governing Body's intentions. Any individual proposing to take action which is outside the delegated authorities, must complete a "Risk Acceptance Form" with their rationale and proposal to the Risk Committee/Governing Body for approval.

All these actions and many others which are part of the everyday operation of the Company have an impact on risk profile – the total amount of risk to which the Company is exposed. By clearly stating its appetite, the Governing Body ensures that thresholds are set for the level of risk exposure allowed and the Executive Owners of the risk appetite measures understand not to exceed these thresholds and all breaches will be reported and approved by the Governing Body.

Managing risk within appetite is best practice and helps the Company to achieve its objectives. The Company has many internal controls, assurance solutions and mitigations to manage the risks presented. Some of these include:

- Economic controls (e.g., reinsurance)
- External / Internal audit
- Financial review (including reporting quarterly to the Governing Body)
- Management information review
- Policies and procedures
- Risk and Control Self-Assessment

- The Risk & Compliance Function
- The Governing Body
- Training and development of staff

As the Company acts to maintain sufficient capital to absorb losses, whatever their source, capital assessments are carried out at the aggregate level comparing total exposure to total available capital rather than looking at individual risk types in isolation.

The Company's objective in managing risk in this way, is to ensure that it holds sufficient capital to meet projected future insurance claims and to absorb the impact of unexpected losses, whatever their source, without compromising its governing objectives.

Within this aggregated total, the Company's appetite is to limit its exposure to a level, net of reinsurance, which creates available capital in line with its SCR, calculated using the Standard Formula. This cap provides an absolute limit on the risk the Company will accept.

The Company assesses its capital in a way which is proportionate to the size and complexity of its exposures to different types of risk, recognising that larger more complex exposures require greater effort than those which do not have the capacity to materially affect its capital position. This creates greatest focus on insurance risk and proportionally less on others, for example operational risk, which does not have the potential to materially affect the Company's capital strength.

There is an ongoing process to identify, assess. manage and report risk. This process is subject to continuous improvement in order to provide assurance to all relevant stakeholders, meet regulatory requirements and improve business performance. Risks are recorded in the Company's risk register and demonstrated in the risk report. All losses are logged on the loss schedule, but only losses of £50K and above will formally be reported to the Risk Committee with all the details of the losses. The Risk Committee will also receive a high-level headline summary of all losses incurred by the Company in the quarter.

The Risk & Compliance function will monitor and report:

- Significant Risks on a quarterly basis
- Horizon scanning
- Risk Appetite performance and escalation of breaches as required
- Periodic Risk and Control Self - Assessment
- Review of outstanding and overdue Actions Monthly and Quarterly Reporting to the relevant Committees on all contents of the risk management activities within the Company for the period.

The Company operates a "three lines of defence" approach to risk management:

First Line of Defence

First line are responsible for the identification, assessment and management of their risks and to implement controls to mitigate the risks. They should:

- Promote a strong risk culture and risk capabilities.
- Know and understand the risk appetite thresholds and tolerances to manage their risk exposures within their processes and operations.
- Have full ownership, accountability, and responsibility for their risks.
- Ensure ongoing monitoring of their risks and controls through the completion of the periodic Risk and Control Self-Assessment.
- Report all risk events, near misses, losses, risk matters, and all other monthly risk returns as required to the Risk & Compliance function.

- Escalate any risk appetite breaches and significant risk events to the Executives through the Risk & Compliance function.

Second Line of Defence: Risk & Compliance Function

The Risk & Compliance Function provides oversight and challenges to the completeness and accuracy of risk management activities of the first line of defence and the Company as a whole by:

- Providing overarching risk and compliance oversight for all activities within the Company.
- Being accountable for supporting and working with Risk and Control owners.
- Ensure regulatory horizon scanning is in place and reported.
- Providing support and guidance to the business on all matters relating to risk and compliance.
- Embedding the periodic Risk and Control Self-Assessment to manage risks more effectively and efficiently.
- Monitoring the performance of controls and validate/test them regularly.
- Following up with Control owners to agree action on underperforming controls to improve the effectiveness or implement new controls.
- Reporting and sharing with the Governing Body and relevant Committees, the output from the RCSA and all other risk and compliance activities.
- Supporting appropriate risk taking via policies, frameworks, tools, aggregation and analysis.

The Risk & Compliance Function is responsible, through oversight activities, for monitoring the performance of the risk appetite measures and to report and/or escalate any breaches to the relevant Committees.

Third Line of Defence: Internal Audit

Internal audit (outsourced) provides independent assurance to the Governing Body on the Company's Internal Control environment. They do this by:

- Assessing, reviewing, and reporting on the appropriateness, robustness and effectiveness of the internal controls in place.

Internal Audit is responsible for providing independent confirmation to the Governing Body of effective implementation of internal controls. They will also make recommendations to operational areas, support functions and the Governing Body for improvements in the internal control environment.

Internal Audit have responsibility for ensuring that decisions made by delegated authorities are audited in line with the corporate governance requirements.

Assurance functions are also responsible for documenting the annual cycle in accordance with which the various policies, reports and decisions are referred to the Governing Body.

Own Risk and Solvency Assessment ("ORSA")

The ORSA is a key element of the Company's risk and capital management system and forms part of the supervisory process. The ORSA comprises the processes and procedures the Company uses to ensure that its overall solvency needs are met at all times, and which allow it to demonstrate achievement of this objective to both the Governing Body and the

PRA. It is forward looking and considers the Company's capital needs over each of the years for which the Company prepares business plans. The ORSA provides management with a comprehensive assessment of the Company's risk profile, risk appetite and solvency position to enable them to understand these risks and how they translate into capital needs or require other mitigation.

The Company will carry out an ORSA at least once annually and more frequently in the event of a material change in its risk profile such as a change to the business structure or significant changes to strategy. The ORSA was produced during the year and submitted to the PRA.

The following are key inputs to the ORSA:

- The Company's risk appetite statement as reviewed and approved by the Governing Body
- The Company's Significant Risk report
- Outputs from the Company's Standard Formula
- The Company's Business Plan and Corporate Strategy
- Outputs from the Company's Capital Planning Process
- Reports from the actuarial function, including opinions on the adequacy of technical provisions, the SCR and the Company's underwriting and reinsurance arrangements.

The scope of the Company's ORSA includes an assessment of:

- The Company's overall solvency needs taking into account its risk profile, the approved risk tolerance limits and the business strategy.
- Quantitative and qualitative elements and consideration of a range of possible outcomes.
- The Company's compliance with the capital requirements of Solvency II in respect of the Solvency Capital Requirement ("**SCR**") and the Minimum Capital Requirements ("**MCR**"), and the calculation of technical provisions.
- Forward-looking overall solvency needs.
- Frequency of capital requirement calculations.
- Review of the Company's policies and procedures to ensure compliance with technical provision rules; and
- Review of whether the ORSA process successfully supports the Company's objective to operate an effective risk and solvency assessment process which is efficient, tailored to the Company's organisation structure and risks management system, and which employs appropriate and adequate techniques to assess its overall solvency needs.

ORSA Governance

The Governing Body is directly involved in the ORSA governance process through approval and challenging the ORSA result and he assumptions behind the calculation of the SCR.

The ORSA has become an embedded element of the operational process with the Finance Committee considering the requirements of the ORSA as part of its monthly meetings covering the impact on new / amended lines of business; SCR & MCR requirements and projections including stress testing carried out monthly; review of premium income and claims data on a monthly basis to support any anticipated changes to capital requirements.

The Governing Body has delegated oversight of the ORSA process and outputs to the CFO; under this delegated authority, the CFO is responsible for:

- Performing the ORSA and compiling the ORSA and ORSA Policy.

- Arranging both internal and, where appropriate, external review of both the ORSA process and its outputs.
- Escalating any material issues to the Governing Body.
- Initiating and managing the ORSA process.
- Developing communication loops within the business, which will allow the ORSA to become an embedded element of organisational processes and ensure that all key functions contribute to and are aware of risk and capital management objectives.
- Submitting the ORSA to the PRA.

The Chief Risk & Compliance Officer in their role as SMF4 is responsible for ensuring regular performance of the Company's ORSA and informing the PRA of the results in line with reporting requirements.

Internal Control System

The Company has in place controls in order to identify, assess, manage, mitigate and control risk. The Company's control framework consists of:

- Governance framework.
- Three lines of defence.
- Control functions.
- Internal policies, for which certain Governing Body members are accountable which detail:
  - Economic controls (e.g., reinsurance).
  - Financial review.
  - Management information.
  - Physical controls.
  - Risk reviews.
  - Training and development of staff; and
  - Whistleblowing.

Internal controls are subject to (external) internal audit; the internal audit plan is aligned to the Company's risk register.

Control Functions

In addition to Senior Management Functions, the Governing Body has identified claims management as an area which also requires a Key Function Holder as follows:

- Claims Management Key Function: Karen Howells-Lee

Claims Management Key Function

The Claims Management Key Function holder is responsible for the effective management of the Company's claims including ensuring adequate procedures covering the overall cycle of claims: receipt, assessment, processing, settlement, complaint and dispute settlement, and reinsurance recoverables. The Claims Management Key Function holder is also responsible for considering how to prudently manage the Company's claims management strategy.

Internal Policies

The Company has in place a number of policies which support its Risk Management Framework. These include core policies for the principal risks and Tier 2 risk categories, the key ones being, but not limited to:

Tier 1 Risk Policies

- Financial Risk
- Legal & Regulatory Risk
- Strategic Risk
- Insurance Risk
- Conduct Risk
- Operational Risk

Tier 2 Risk Policies (pertinent to the SFCR)

- Capital Risk
- Liquidity & Funding Risk
- Market & Credit Risk
- Reinsurance Risk
- Underwriting Risk
- Product Pricing
- Claims Reserving
- Claims Handling
- Complaint Handling
- Product Governance
- Information Security
- Third Party and Outsourcing
- Financial Crime Policy
- Cyber Security
- Financial Data Governance

Internal Audit Function

The Company fully outsources the provision of Internal Audit activity to RSM Assurance Services LLP and therefore no individual within ELICO holds the SMF5 Internal Audit function.

The Company works with its Internal Auditors to ensure a risk-based annual Internal Audit plan is in place which links to the Company's strategic objectives and is aligned to the Company's risk register. Ad-hoc assurance may also be completed as required.

Internal Audit conducts independent reviews of the Company's procedures and challenges the controls in place. In doing so, Internal Audit helps the Company to manage its risks effectively. The Internal Auditors use a risk-based approach to identify the strategic, operational, and financial risks where the Company needs assurance along with areas of control weakness. Recommendations made ensure corrective actions are implemented. Internal audit findings are reported to the Governing Body.

The Company is satisfied that the internal audit provision has adequate skills, experience, and professional qualifications, and, due to the provision being outsourced, is suitably independent.

Actuarial Function

The Chief Actuary Function holder (SMF20) is responsible for managing this activity and ensuring the best estimate calculation of technical provisions allowing for the calculation of risk and premium. The Company obtains assistance on certain actuarial matters from Lane Clark & Peacock LLP

Reports from the actuarial function, including opinions on the adequacy of technical provisions, the SCR and the Company's underwriting and reinsurance arrangements, are a key input to the ORSA.

Outsourcing

To conduct operations as effectively and efficiently as possible, the Company may find it advantageous to outsource certain functions. The Company recognises its responsibility to ensure that where outsourcing is sought from a third party, it is done in a way which is compliant with regulatory rules, that enables it to achieve good consumer outcomes and where the risk can be effectively managed.

The Company has chosen to outsource internal audit provision, distribution and IT System hosting to businesses based in the UK. The Company uses a number of key suppliers, these include suppliers for actuarial services, reinsurance, claims loss adjusters and taxation services.

To support its approach to outsourcing, the Company has in place a Third Party and Outsourcing Risk Policy.

Adequacy of the System of Governance

The Company continues to ensure its system of governance is adequate for its nature, scale and complexity of the risks inherent in its business.

The Governing Body regularly reviews recommendations and outcomes from internal audit, external audit and internal compliance monitoring. Industry guidelines and best practice are also reviewed in conjunction with internal MI, root cause analysis and risk events.

The Company's governance is significantly strengthened by the Non-Executive Directors who provide independent challenge.

Other Material Information

There is no other material information regarding the system of governance of the Company.

Risk Profile

The Company holds capital as protection against potential losses from residual risk exposures, i.e., those remaining after all the control measures to prevent the risk from materialising have been taken into account.

The Company's risk management framework is used to identify, assess, respond, monitor and report risk. One of the Company's predominant risks is insurance risk, arising from the provision of its range of Pet, Horse and non-animal (including Caravan) policies.

The Company monitors its insurance risk exposure by calculating its current and future SCR and MCR on a monthly basis. In addition, monthly SCR stress tests are carried out.

	Gross Solvency Capital Requirement	
Solvency Capital Requirement	**2022** **£000**	**2023** **£000**
Market Risk	5,164	5,158
Counterparty Default Risk	3,222	3,315
Non-Life Underwriting Risk	24,978	20,962
Diversification	(4,829)	(4,755)
Basic Solvency Capital Requirement	**28,535**	**24,680**
Operational Risk	2,366	2,092
Solvency Capital Requirement (SCR)	**30,901**	**26,772**

Principal Risks

The Company manages risk through the Risk Management Framework which articulates the principal risks and associated tier 2 risks through the risk taxonomy. The risk taxonomy is managed through the three lines of defence model.

All Risk Appetite Statements are underpinned by a series of tolerances which the Company manages / reports. Where tolerances are outside performance, the Governing Body is notified and management action is appropriately undertaken.

The management of each identified principal risk is set out below:

Insurance Risk

Insurance Risk is the risk that an insured event may occur requiring the Company to pay a claim. It also covers the risk that an underwritten inaccurate assessment of associated risks or uncontrollable factors not included in the Policy's exclusion list may result in significant increase in the Company's cost of claims settlement and exceed earned premiums.

Insurance Risk is managed within the following framework:

Principal Risk	Tier 2 Risk Policy	Business Owner	Tier 2 Risk Description	Risk Appetite Statement
Insurance	Underwriting	COO	Incorrect underwriting and inaccurate assessments of associated risks are not included in the policy development and exclusion lists which could result in significant increases in ELICO's cost of claims and impact premium earnings.	ELICO has limited appetite for an underwriting loss and would expect to make a level of underwriting profit in order to cover overheads and provide a return to the shareholder.
	Pricing	Chief Commercial Officer	Product pricing does not reflect the underlying risk of cover or associated operating costs of managing policies which leads to customer detriment, higher than expected claims ratios and loss to ELICO.	ELICO has no appetite for loss making schemes nor does it have any appetite for schemes that provide poor value to the customer. Any schemes that do not provide fair value or are loss-making will be suspended as soon as this is identified.
	Concentration	Chief Actuary	The insured risk is disproportionately skewed towards a concentrated geographical area that could result in a disproportionate number of claims for any single type of product.	ELICO has no appetite for a concentration of risk with a loss potential sufficient to threaten the solvency of the financial position of ELICO's undertakings.
	Reinsurance	Chief Financial Controller/ Chief Risk & Compliance Officer	An event outside of ELICO's appetite is not covered by a reinsurer due to misunderstanding of the policy terms including at an appropriate cost.	ELICO has limited appetite for a reinsurer being unable to settle potential claims as and when they fall due, due to unexpected exclusions.
	Claims Reserving	Chief Actuary	Future claims payments for policies on cover are under- or over-estimated by a material amount and/or current projections predict significant future losses.	ELICO has limited appetite for a material understatement of the claims reserve.

The Company recognises that the future is subject to uncertainty and has therefore considered key stresses and scenarios which may impact upon its plans and expectations. This testing includes the exposure to a major underwriting loss event such as a major animal epidemic which could put the Company in breach of the Solvency II SCR and the impact of inflation on the technical provisions. The Company has also considered scenarios whereby claims increase faster than premium growth, thereby eroding the profit margin. Such testing includes projected profit, loss and solvency position for these events.

Major Animal Epidemic

The Governing Body has identified the biggest risk to the Company is a major animal epidemic or series of epidemics to hit the United Kingdom. This risk is mitigated as all DEFRA notifiable diseases are not covered by the insurance policies underwritten by the Company as statutory compensation arrangements would apply. Moreover, it is a policy condition that all animals are vaccinated.

The Company has undertaken stress tests where 5% of insured cats were affected by Key-Gaskell Syndrome, 5% of insured dogs contracted Parvo Virus, and 5% of insured horses contracted West Nile Fever. This test has evidenced that such losses (below epidemic status) would not lead to a breach of the SCR as the reinsurance policies would mitigate the risk.

Increase in Claims and Impact of Inflation

The Company has considered scenarios whereby claims increase faster than premium growth, thereby eroding the profit margin. In the event of such a scenario, with further reductions in expenses being possible along with price increases, it is unlikely that the Company would breach the SCR.

The Group's reserves and claims from underwritten policies are exposed to the risk of changes in claims development patterns arising from inflation. The Company considers the impact of excess inflation on its technical provisions as part of its on-going stress testing.

Single Caravan Site Concentration

The Company is exposed to the risk of a fire at a single site such as a caravan storage facility. The scenario tested considered 1 in 200 loss at a single site. Stress tests identified losses would fall well within tolerance for prudent capital requirements.

Financial Risk (Including Market, Credit and Liquidity Risk)

Financial risk is the risk that the Company may not be able to meet with its financial and capital requirements and ensure financial reporting requirements are timely and to the required standard. Financial Risk is managed by the following framework:

Principal Risk	Tier 2 Risk Policy	Business Owner	Tier 2 Risk Description	Risk Appetite Statement
Financial	Capital	Chief Financial Controller	ELICO's regulatory capital resources are inadequate to cover its regulatory capital requirements.	ELICO has limited appetite for not meeting its capital regulatory requirements and will ensure eligible capital remains within regulatory requirements at all times and, as a minimum 10% above the SCR Capital Risk Appetite. ELICO will calculate its SCR Capital Risk Appetite annually based on the largest single possible stress event scenario.
	Market, Credit & Counterparty	Chief Financial Controller	Value of financial assets or liabilities (including credit exposure and off-balance sheet instruments) are adversely affected by significant changes in underlying market values and the risk that a counterparty, including a reinsurer, fails to meet its contractual financial obligations.	ELICO has limited appetite for loss of investment or inability to recover amounts due, as a result of failure of a material counterparty and ensures all Banking and Reinsurance counterparties maintain the minimum credit rating of 'B' or above at all times.
	Liquidity & Funding	Chief Financial Controller	ELICO is unable to meet its obligations as they fall due or can only do so at excessive cost and/or the inability to raise and maintain sufficient funding to support the business plan.	ELICO has no appetite for not holding sufficient liquid assets in terms of quantum and quality, to meet a minimum of 100% of Outstanding Claims Reserves and 50% of IBNR at all times

Market Risk

The Company mitigates risk with the use of reinsurance policies for extreme scenarios and is exposed to the risk of loss of one or more reinsurer at the same time it needs to make a claim. This risk is further mitigated by the use of several reinsurers and their credit ratings are monitored monthly.

The Company has invested in commercial property with long term profitable tenants where the receipt of the rent is not a major risk. The Company undertakes stress testing for the adverse change in property values (by 10% and 20% of the book value) and continues to monitor property values closely. Such tests suggest that the Company would remain compliant with the SCR and MCR.

Market Risk is measured monthly via the market risk appetite measures and by reference to commercial property valuation reports in the media and the Nationwide house price index, along with changes in the Bank of England Base Rate.

Credit Risk

The Company stress tests adverse changes in bank credit ratings; falls to BBB and BB have been tested. A fall to BB would not result in a breach of the SCR. A fall to B could lead to a breach, however, as the majority of cash balances are held on demand or in short-term notice deposits, there would be no penalty or delay in withdrawing funds with which to place elsewhere.

Liquidity Risk

The Company has no appetite for Liquidity Risk, and it carries out cash-flow matching projections to ensure that sufficient liquid funds are available to meet liabilities as they fall due.

Liquidity Risk is measured monthly by ensuring its demand cash balances are sufficient to cover the Technical Provisions.

Liquidity Risk is controlled through the Company's bank holdings which is intended to provide sufficient liquidity for the short to medium term needs. No change to holdings is permitted without Governing Body approval.

No expected profits are included within the future unearned premiums calculated in accordance with Article 260 (2).

Operational Risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and/or external events. Operational Risk is managed by the following framework:

Principal Risk	Tier 2 Risk Policy	Business Owner	Tier 2 Risk Description	Risk Appetite Statement
Operational	People	General Counsel & Chief Human Resource Officer	Inappropriate employee behaviour and/or inadequate resource (people, capability and frameworks) compromising good customer outcomes and resulting in financial loss and/or regulatory censure.	ELICO has limited tolerance to not deliver a sustainable pipeline of competent and diverse people within required time frames and budget and has no appetite to sustain a workplace culture which does not retain talent and comply with legal and regulatory requirements, as well as business values.
	Financial Crime	Chief Experience Officer	ELCIO is subject to act or an attempt (internal or external) to steal, defraud, manipulate, or circumvent established rules for gain, including money laundering and is unable to identify and/or prevent any resulting loss resulting in financial loss and or regulatory fine/censure.	ELICO has limited tolerance for external fraud outside defined annual budget tolerances balanced with customer outcomes not exceeding industry benchmarks, whilst complying with relevant legal and regulatory requirements. ELICO has zero tolerance for internal financial crime events (including internal fraud and Anti-Bribery & Corruption) and for Money Laundering offences.
	Business Continuity	Chief Information & Technology Officer	ELICO's operations are disrupted, including people, loss of premises, loss or significant disruption with a third party or system unavailability, compromising its ability to service its customers and provide good customer outcomes.	ELICO acknowledges business continuity events may occur but has zero tolerance for not being able to continue to operate within impact tolerances, and limited tolerance for recovering operations outside of pre-agreed service levels.

Principal Risk	Tier 2 Risk Policy	Business Owner	Tier 2 Risk Description	Risk Appetite Statement
	3rd Party / Outsourcing	Chief Information & Technology Officer	Third party and/or outsourced service providers do not provide the service for which they have been relied upon to provide products and/or services that support ELICO's operations and performance compromising good customer outcomes and	ELICO has limited appetite for not managing all third-party suppliers in line with a consistent, defined framework which aligns to business expectations and regulatory requirements.
	Change Management	Chief Information & Technology Officer	Change is not designed or delivered successfully (delivery risks) and/or that change deliverables adversely impact ELICO's risk profile (associated risks of change) – this definition covers all change activities.	ELICO has limited appetite for not delivering change on time, within approved budgets, and at an acceptable quality in accordance with ELICO's strategic plan.
	Technology	Chief Information & Technology Officer	Lack of effective IT infrastructure, systems and plans to support ELICO now and throughout its medium-term business plan to deliver against its strategic objectives.	ELICO has limited appetite for not maintaining IT infrastructure and systems to deliver resilient and available service to customers and colleagues in line with business requirements.
	Information Security	Chief Information & Technology Officer	IT infrastructure, systems and information assets are not secure or available when required.	ELICO has limited appetite for not protect its IT infrastructure, systems and information assets from being compromised.
	Cyber Security	Chief Information & Technology Officer	Cyber-attack, whether successful or otherwise, resulting in customer detriment and/or business disruption.	ELICO accepts cyber-attacks will occur but has a zero tolerance for any material customer detriment or business disruption as a result of a cyber-attack, successful or otherwise.
	Artificial Intelligence	Chief Information & Technology Officer	ELICO's or its ARs' use of AI compromises customer or ELICO/AR data and/or compromises good customer outcomes and results in financial loss and/or regulatory censure and/or fines.	ELICO has no appetite for it or its ARs sharing any personal data (customer, potential customer or staff data); or any ELICO/AR commercially sensitive or identifiable information with AI; further ELICO currently has limited appetite for using AI in its operations. Until such time as ELICO has investigated, clearly identified and provided adequate mitigation for the risks associated with the use of generative AI, its use must be approved in advance by the appropriate HoD and two of the CEO, CFO and COO, and logged so that its purpose, the information shared, and AI system used can be monitored.

Other Material Risks

Strategic Risk

Strategic Risk is the risk that poor business decisions or strategy due to internal or external developments may inhibit the Company's ability to achieve its strategic objectives, profitability, sustainability, long term positioning and performance whilst impacting on the long-term interests of stakeholders. Strategic Risk is managed by the following framework:

Principal Risk	Tier 2 Risk Policy	Business Owner	Tier 2 Risk Description	Risk Appetite Statement
Strategic	Business Risk	CFO	Appropriate and proportionate process is not in place to create and monitor the performance of ELICO's strategic plan including having adequate controls in place to monitor macro-economic developments which may cause harm.	ELICO has limited appetite for poor product strategy which could result in products or promotions being directed at the incorrect market or which could result in writing too little / too much business which could impact on the strategic development and/or capital position.
	Culture	CEO	The Governing Body does not demonstrate, and ELICO's employees do not exhibit, the right culture and behaviours due to a lack of understanding of responsibilities and inability to challenge where poor culture or behaviours are exhibited.	ELICO has limited appetite for a culture that does not promote its values.
	Governance	Company Secretary	The Governing Body and executives do not operate effectively with the right skills and experience, and in a legal, ethical and transparent manner which is in the best interests of ELICO.	ELICO has limited appetite for poor organisational structure and governance and will act to preserve its reputation for fairness with customers and the regulators.
	Climate	CFO	Insufficient planning and awareness, including provision in ELICO's strategy, of climate change and reduction in carbon footprint.	ELICO has low tolerance for products with no exclusions for climate related disasters including man-made and natural disasters, epidemic and climate change.
	Group	CEO	Loss or negative impact arising out of intra-group transactions and/or arrangements with other companies which form part of the same group as ELICO.	ELICO may transact business and/or undertake arrangements with other companies of the wider group, however, it must be able to demonstrate that (a) no conflicts of interest exist OR any conflicts that do exist have been identified and have appropriate actions in place to manage and monitor them; AND (b) there is a sound commercial reason for doing so.
	Emerging Technologies (e.g., Artificial Intelligence)	CEO	ELICO does not recognise or take advantage of emerging technologies in a timely manner resulting in its offering falling behind that of its competitors and/or inability to enhance operational effectiveness and realise efficiencies, resulting in reduction in profitability and sustainability.	ELICO has a limited appetite for not maintaining pace with its competitors regarding the use of emerging technologies. ELICO will put in place strategies and processes, and ensure that it has the right resource, to identify and understand opportunities as they arise.

Conduct Risk

Conduct Risk is the risk of conducting business, including the Company's behaviours, operating model and culture, in a way that leads to customer detriment or unfair outcomes. Conduct Risk is managed by the following framework:

Principal Risk	Tier 2 Risk Policy	Business Owner	Tier 2 Risk Description	Risk Appetite Statement
	Vulnerable Customers	Chief Experience Officer	ELICO's products and/or services do not take into account customers with characteristics of vulnerability, whether permanent or transitory, compromising good customer outcomes.	ELICO has zero tolerance for any negative impact that its products, processes and decisions could have on vulnerable customers and will act accordingly.

Principal Risk	Tier 2 Risk Policy	Business Owner	Tier 2 Risk Description	Risk Appetite Statement
Conduct	Product Governance	Chief Commercial Officer	Design of ELICO's products compromises good customer outcomes, and results in significant regulatory breaches, financial loss or reputational damage.	ELICO has limited appetite to design and distribute products which it believes its customers do not need, which do not offer value for money, are not promoted honestly and transparently, are not distributed and sold appropriately, and do not perform as customers have been led to expect.
	Customer Communications (inc Financial Promotions)	Chief Commercial Officer	ELICO's communications with customers, including its documentation, do not meet their information needs, including, Appointed Representatives not complying with relevant regulations and ethical standards which mislead customers in to buying unsuitable or failing to buy suitable products for their needs and requirements.	ELICO has limited appetite for communications, including policy documentation, which do not take into account customers' needs. ELICO has limited appetite for its products being promoted in way which is not clear, not fair or could be considered misleading.
	Customer Acquisition	Chief Commercial Officer	ELICO's distributors and/or distribution arrangements compromise good customer outcomes and result in financial loss and/or regulatory censure/fine.	ELICO has no appetite for distributing directly to customers. ELICO has no appetite for its Appointed Representatives to offer advised sales or for offering products which do not meet the demands and needs of its customers. ELICO will provide appropriate oversight of its ARs and, where mis-selling occurs, and customer detriment is identified, ELICO will be pro-active in undertaking remediation activity and addressing the root cause.
	Claims Handling	Chief Experience Officer	Claims are not processed in a timely, informed and quality manner as expected by our customers and in line with regulatory expectations compromising good customer outcomes and resulting in financial loss, and/or regulatory censure/fine.	ELICO has limited appetite for not handling its claims as per defined processes and procedures, within agreed service levels, and to defined quality standards whilst maintaining regulatory adherence.
	Customer Servicing	Chief Experience Officer	Policy administration is not undertaken in an appropriate or timely manner compromising good customer outcomes, and resulting in financial loss, and/or regulatory fine/censure.	ELICO has limited appetite to take decisions or provide guidance which lead to customer detriment or harm.
	Complaint Handling	Chief Experience Officer	Complaints are not identified, managed and/or resolved in an appropriate and timely manner compromising good customer outcomes, and resulting in financial loss, and/or regulatory fine/censure.	ELICO has limited appetite for handling complaints in an unfair or untimely manner.

Legal & Regulatory Risk

Legal and Regulatory Risk is the risk of non-compliance with regulatory and legal requirements and standards. This covers regulatory reporting, regulatory and legal censures, sanctions and potential fines. Legal and Regulatory is managed by the following framework:

Principal Risk	Tier 2 Risk Policy	Business Owner	Tier 2 Risk Description	Risk Appetite Statement
Legal & Regulatory	Regulatory Risk	Chief Risk & Compliance Officer	ELICO breach the letter and spirit of relevant regulations, guidance, codes of practice or standards of good market practice.	ELICO has zero tolerance for any material breach of its regulatory requirements and will at all times seek to achieve and maintain compliance with all relevant regulatory requirements, however it is acknowledged that unintentional breaches may occur which will be remediated as and when they transpire.
	Legal Risk	General Counsel & Chief Human Resource Officer	ELICO does not maintain compliance with applicable laws; contractual arrangements with customers, suppliers and other third parties are not enforceable as intended or enforced in an unexpected way or do not operate as expected.	ELICO has zero tolerance for non-compliance with all applicable laws and will implement and maintain effective controls to manage the risk of non-compliance with law and reduce legal risk exposure.
	Litigation	General Counsel & Chief Human Resource Officer	Litigation by or against ELICO is not appropriately managed to protect ELICO's reputation and achieve the best outcome leading to legal and/or regulatory censure, financial and reputational loss.	ELICO has limited tolerance for litigation outside its actual exposure and financial tolerances.

Other Significant and Emerging Risks

The Governing Body review significant risks on a quarterly basis, or more regularly as required through the governance structure of the Company, which includes the Governing Body, Risk Committee and the Risk & Compliance Forum. Risks which have been under management during the reporting period, and which are continuing to be managed include:

Macro-Economic Environment (including inflation and recession; as well as impacts as a result of geopolitical instability)

Considerable focus continues to be given to the macro-economic environment, including factors such as the impact of inflation, interest rates, geo-political instability and its effect on commodity prices, the UK's transition from the EU and the potential for recession in the UK. Specific management awareness over vet fees inflation and potential supply chain issues with medicines is ongoing.

These factors continue to be monitored very closely across the business as the Company seeks to ensure sufficiency of premiums to meet future claims costs, while acknowledging the financial pressures placed on customers with the on-going cost of living crisis.

Operational Resilience and Cyber Security

Business disruption, both internally or with a key outsourced partner, cyber security, management of technical debt and business continuity management remain areas of key focus for the Company. The Company continues the development of its Operational Resilience framework, which was implemented by 31 March 2022 as set out by the FCA and PRA regulatory publications. Actions are in place to ensure the resilience of Key Business Services and their ability to operate within impact tolerances as soon as reasonably practicable within the transitional period to 31 March 2025. Risks continue to be assessed and proportionally managed in relation to technical debt, effective Third- Party Management and Outsourcing arrangements are in place, and the ongoing assessment and evolution of Business Continuity Management.

Underwriting and Pricing

Underwriting and pricing receive senior management monitoring and oversight to ensure the Company continually assesses its underwriting and pricing strategies. Policyholder numbers and profitability are monitored monthly to assess the impact of pricing changes and the enhanced use of a data analytics platform supports ongoing evaluation of product performance.

Changes to Regulation

Volume and complexity of regulatory change continues to be monitored through the enhanced horizon-scanning process, with the introduction of a formal and structured gap analysis, where required, to assess the impact of change on the Company. The key focus areas presently are to ensure compliance with Consumer Duty requirements, the implementation of changes in the Appointed Representatives regime by the end of the transitional period (30 November 2023) and potential PRA changes to the Solvency II reporting regime, including the proposed changes to calculation of the risk margin for UK Insurers and its impact on the SCR coverage.

Climate Change

Risk associated with climate change are becoming of increasing importance to the Company, its regulators and customers. The increase in the frequency and severity of extreme weather events will be the main risk the Company is exposed to from climate change through its household lines of business, and will impact the Company's view of underwriting risk, reinsurance and pricing in this area.

The impact of climate change is reviewed through the Company's risk management framework and forms part of the development of its overall Environmental, Social and Governance strategy. Climate change and the ongoing assessment of climate change requirements remain as a key focus for the Company and is considered within the company's corporate plan.

The Company completed a tailored Carbon Footprint Report during the year and the energy saving recommendations will form part of its overall Environmental, Social & Governance (ESG) planning and strategy.

Emerging Technology and Artificial Intelligence

The risk that the Company does not recognise or take advantage of emerging technologies, including the use of artificial intelligence, is a key focus area for the business. The Company has established a working group to coordinate the Company's response to emerging technology and AI to understand how it may be used to enhance processes and drive positive customer outcomes as well as mitigating any potential risks in terms of managing customer data.

Any Other Disclosures

The Company's niche insurance business model holds inherent risk; however, the Company's strategy is to mitigate the risks through the diversification into different niche products. The Company uses reverse stress testing to determine events and/or circumstances which could undermine its ability to continue in operation. These may be quantifiable events such as a catastrophic loss which reduces available assets below the level at which the Company can continue to offer insurance. Alternatively, there may be events resulting in severe reputational impact which make issue of further insurance products unadvisable/impossible, leading to the Company initiating a controlled run off of its insurance business.

Overall solvency needs which will be forward looking and test possible outcomes of the Company's Business Plan. The ORSA identifies and takes into account external factors that could have an adverse impact on overall solvency needs or the level of available own funds and includes stress tests, reverse stress tests and sensitivity and scenario analysis. Full details of stress testing are provided in the ORSA.

The assets of the Company have been invested in accordance with the ‘prudent person principle’. The Company has developed a set of key risk indicators across all the risk categories in addition to information provided by third parties, including financial soundness of the banks, secured borrower and insurance intermediaries. The Company has not extended its investment activities beyond its existing activities. The Company reviews and recalculates the value of the security on a quarterly basis in order to ensure that it is sufficient to cover the secured loan and takes into account its ability to realise the assets. The Company recognises the need for low-risk assets and sets its profitability targets accordingly. The Company does not invest in assets held or owned by businesses where there are conflicts of interest nor does the Company invest in unit-linked contracts, index-linked contracts, assets not admitted for trading on a regulated financial market, derivatives or securitised investments.

Valuation for Solvency Purposes

Assets

The following table details the Company's assets as at 30 September 2023:

Assets	Statutory Accounts 2022 £000	Solvency II 2022 £000	Statutory Accounts 2023 £000	Solvency II 2023 £000	Financial Statements	Solvency II
Property, plant & equipment held for own use	3,404	3,404	3,203	3,203	Includes own building and other fixed assets for own use	As per financial statements
Investments (other than assets held for index-linked and unit-linked contracts)	5,521	5,521	5,521	5,521	Investment property at valuation	As per financial statements
Government Bonds	1,979	1,979	2,022	2,022	UK Gilts at Fair value	As per financial statements
Deferred Acquisition Cost	59	0	69	0	Costs amortised over the remaining life of annual policies	Not recognised under SII as no future cash flow impact
Loans on Policies	82	82	69	69	Premiums due from customers	As per financial statements
Other Loans and Mortgages	21,724	20,741	22,132	23,204	Secured Loan	SII includes the addition of future interest cash flows
Insurance Intermediaries	3,590	0	2,136	0	Premiums due from intermediaries	Included within Premium Provision (5.2)
Reinsurance Receivables	5,056	(662)	5,910	(585)	Includes Reinsurers Unearned Premium / share of claims	Reinsurers share of Technical provisions
Receivables (trade, not insurance)	662	276	758	296	Includes Prepayments and other non-insurance Inter-company debtors	Prepayments not recognised under SII as no future cash flow impact
Cash and Cash Equivalents	30,057	30,057	29,486	29,486	Demand balances	As per financial statements
Total Assets	**73,136**	**61,398**	**71,306**	**63,216**		

Technical Provisions

Technical Provisions represent the best estimate of the future claims, including those claims already made but not yet paid, based on past experience and judgment, along with the Provision for Unearned Premium for Premiums received relating to future periods. The Solvency II basis differs from the Statutory Accounts basis and takes into account the discounted values of future premiums, claims and expense cash-flows relating to expired periods of claims risk and unexpired periods of premium provisions for all legal obligations at the valuation date.

The following table details the Company's technical provisions as at 30 September 2023:

Provisions	**Statutory Accounts £000**	***General Liability Solvency II***	***Miscellaneous Financial Loss Solvency II***	**Property Solvency II**	**Solvency II £000**	**Financial Statements**	**Solvency II**
Premium provision	7,461	*17*	1,093	*34*	1,144	Unearned Premium element of insurance policies	Discounted best estimate of all future cash flows (claims payments, expenses and future premiums) relating to future exposure arising from policies that the insurer is obligated to at the valuation date
Claims provisions	7,316	*105*	*6,685*	*210*	7,000	Expected future claims due on current policies	Discounted value of future claims payments
Best estimate	14,777	*121*	*7.736*	243	8,144	Total Unearned Premium plus claims provision	SII recognises discounted value on cash flow basis
Risk margin	n/a				1,934	Not recognised in Financial Statements	Projected future cost of capital requirement in the event of run off
Technical provisions – non-life (excluding health)	**14,777**				**10,078**		

The following table details the Company's technical provisions as at 30 September 2022:

Provisions	**Statutory Accounts £000**	***General Liability Solvency II***	***Miscellaneous Financial Loss Solvency II***	**Property Solvency II**	**Solvency II £000**	**Financial Statements**	**Solvency II**
Premium provision	6,209	*(1)*	(80)	*(3)*	(84)	Unearned Premium element of insurance policies	Discounted best estimate of all future cash flows (claims payments, expenses and future premiums) relating to future exposure arising from policies that the insurer is obligated to at the valuation date
Claims provisions	8,929	*131*	*8,327*	262	8,720	Expected future claims due on current policies	Discounted value of future claims payments
Best estimate	15,138	*130*	*8,247*	259	8,637	Total Unearned Premium plus claims provision	SII recognises discounted value on cash flow basis
Risk margin	n/a				1,665	Not recognised in Financial Statements	Projected future cost of capital requirement in the event of run off
Technical provisions – non-life (excluding health)	**15,138**				**10,302**		

There is a degree of uncertainty associated with the valuation of Technical Provisions as actual experience will differ from expectations, and the assumptions made may not be borne out in practice. The Company does not expect there to be a significant level of uncertainty, although factors affecting the uncertainty includes future legislative changes, future expenses and unearned exposures.

The Company has not made use of the transitional risk-free interest rate-term structure. The Company has not made use of the transitional deduction. There are no anticipated recoverables from reinsurance contracts and special purpose vehicles.

Gross undiscounted Best Estimate Claims Provisions

(absolute amount £000)

Year	0	1	2	3	4	5	6	7	8	9	10&+	Year end (discounted data)
				Development Year								
Prior											0	0
2014	5,309	917	410	126	0	0	0	0	0	0		0
2015	7,158	959	191	96	0	0	0	0	0			0
2016	8,526	438	68	95	0	0	0	0				0
2017	9,615	156	65	95	0	0	0					0
2018	4,422	140	65	136	0	0						0
2019	4,941	140	173	93	0							0
2020	6,380	406	174	327								312
2021	7,560	387	535									512
2022	8,349	710										679
2023	5,744											5,496
												7,000

Other Liabilities

Other liabilities include Insurance Premium Tax and amounts due to reinsurers. The following table details the Company's other liabilities as at 30 September 2023:

Liabilities	**Statutory Accounts 2022 £000**	**Solvency II 2022 £000**	**Statutory Accounts 2023 £000**	**Solvency II 2023 £000**	**Financial Statements**	**Solvency II**
Financial liabilities other than debts owed to credit institutions	2,598	2,598	1,356	1.356	Insurance Premium Tax and HMRC due shortly after the period end	As per Financial Statements
Payables (trade, not insurance)	43	43	22	22	Amounts due to group companies	As per Financial Statements
Any other liabilities, not elsewhere shown	6,416	359	6,246	339	Includes Reinsurance creditor, Policyholder refunds, and accruals	Only includes Policyholder refunds and Accruals. Reinsurance creditor included within Reinsurance receivables (5.1)
Corporation Tax	199	199	310	310	Corporation Tax balance	As per Financial Statements
Deferred Tax Liability	147	147	129	129	Deferred Tax Liability	As per Financial Statements
Total Non-Insurance Liabilities	**9,403**	**3,347**	**8,063**	**2,156**		

Capital Management

Note: for the purpose of these calculations, the standard parameters rather than undertaking specific parameters have been used.

Own Funds

The Solvency II Balance Sheet position of the Company along with the SCR and MCR as at 30 September 2023 is as follows:

Solvency II Balance Sheet at 30 September			
	2022 **£000**	**2023** **£000**	**Section**
Total Assets	61,398	63,216	5.1
Total Technical Provisions	(10,302)	(10,078)	5.2
Non-Insurance Liabilities	(3,347)	(2,156)	5.3
Own Funds	**47,749**	**50,982**	
Solvency Capital Requirement	30,901	26,772	
Capital Surplus	16,848	24,210	
SCR Coverage Ratio	155%	190%	
Minimum Capital Requirement	7.725	6,757	
MCR Coverage Ratio	618%	755%	

The Company's own funds as at 30 September 2023 were £51.0 million (2022: £47.7m). These own funds comprised £32.5 million of ordinary share capital (2022: £32.5m) and £18.5 million of retained profit and loss and other reserves (2022: £15.3m).

All of the Company's own funds, with the exception of the Deferred Tax balance, are Tier 1 basic own funds and all are available to meet the SCR and the MCR without restriction.

	Total 2022 £000	**Tier 1 * 2022 £000**	**Total 2023 £000**	**Tier 1 * 2023 £000**
Ordinary Share Capital	32,450	32,450	32,450	32,450
Reconciliation Reserve	15,299	15,299	18,532	18,532
Deferred Tax	-	-	-	-
Total Basic Own Funds	47,749	47,749	50,982	50,982
Total available own funds to meet the SCR	47,749	47,749	50,982	50,982
Total available own funds to meet the MCR	47,749	47,749	50,982	50,982
Total eligible own funds to meet the SCR	47,749	47,749	50,982	50,982
Total eligible own funds to meet the MCR	47,749	47,749	50,982	50,982

* Tier 1 Unrestricted

There are no ancillary own fund items and no deductions are required to be made from own funds. Non-linked assets that make up the Company's own funds are predominately invested to preserve capital values and to generate a reasonable return.

The SCR Capital Risk Appetite has been increased from 134% to 143% during the year.

The Company has set an SCR Target at 10% above the SCR Capital Risk Appetite and would expect to remain above this level at all times, however falling below this level will not signify a breach in the SCR Capital Risk Appetite policy, instead close monitoring and reporting to the Governing Body (at the next meeting) will be required, in order to highlight a falling SCR Cover.

The Company has set an SCR Trigger at 5% above the SCR Capital Risk Appetite and would expect to remain above this level at all times, however falling below this level will not signify a breach in the SCR Capital Risk Appetite policy, instead identifying steps to bring it back up above the SCR Trigger and SCR Target will be required along with reporting to the Governing Body immediately.

The Company calculated its SCR and Own Funds at least monthly during the year.

Minimum Capital Requirement and Solvency Capital Requirement

The Company's MCR and SCR as at September 2023 are shown below:

Capital Requirement	**2022** **£000**	**2023** **£000**
Minimum Capital Requirement (£000)	7,725	6,757
Solvency Capital Requirement (£000)	30,901	26,772
Available Capital (£000)	47,749	50,982
Surplus Capital (£000)	16,848	24,210
Solvency Ratio (MCR basis, SCR basis)	618%, 155%	755%, 190%

Minimum Capital Requirement – Linear Formula Component

	2022 **£000**	**2022** **£000**	**2022** **£000**	**2023** **£000**	**2023** **£000**	**2023** **£000**
MCRNL Result	7,628			6,757		
		Net (of reinsurance) best estimate TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months		Net (of reinsurance) best estimate TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
General Liability Insurance		130	753		122	655
Miscellaneous Financial Loss		8,248	47,911		7,778	41,724
Property		259	1,505		244	1,311
Overall MCR Calculation						
Linear MCR	7,272			6,757		
SCR	30,901			26,772		
MCR Cap	13,906			12,047		
MCR Floor	7,725			6,693		
Combined MCR	7,725			6,757		
Absolute Floor of MCR	3,126			3,126		
Minimum Capital Requirement	**7,725**			**6,757**		

The Company calculates the capital it is required to hold against residual risk exposure on the Solvency II basis, using the Standard Formula.

The Company calculates required capital to meet three objectives:

- To demonstrate that it has sufficient capital to provide protection to its policyholders and to meet the organisation's governing objectives;

- To provide comprehensive and detailed information and analysis for decision making; and
- To provide assurance to the Governing Body and to the PRA that it can continue to meet the requirements of the Solvency II regime.

Results confirm that the Company has sufficient capital to meet its requirements under the Solvency II basis. The Company has a substantial capital surplus against the Solvency II MCR basis, this means that the Company at 30 September 2023 is operating:

- Within the Governing Bodies stated tolerance for risk under the Solvency II regime; and
- Within the regulatory requirements under the Solvency II MCR basis.

No simplification calculations are used for any risk modules of the standard formula.

The SCR by risk category is as follows:

	Gross Solvency Capital Requirement	
Solvency Capital Requirement	**2022** **£000**	**2023** **£000**
Market Risk	5.164	5,158
Counterparty Default Risk	3.222	3,315
Non-Life Underwriting Risk	24.978	20,962
Diversification	(4,829)	(4,755)
Basic Solvency Capital Requirement	**28,535**	**24,680**
Operational Risk	2,366	2,092
Solvency Capital Requirement (SCR)	**30,901**	**26,772**

Non-compliance with the Minimum Capital Requirement and with the Solvency Capital Requirement

The Governing Body has set its SCR Capital Risk Appetite tolerance to be 143% of the SCR with a monitoring trigger of 148%. There has been no non-compliance with the MCR or SCR.

Any Other Disclosures

The Company has considered a range of stresses and scenarios, which might impact upon our capital position over the business planning horizon and believe that the occurrence of a major underwriting loss event could cause the most significant strain. If a major underwriting loss should occur, we would consider three main ways of reinstating the Company's capital position: product re-pricing based on the increased levels of risk; adjustments to the Company's commission arrangements for new business acquisition; and capital injections form shareholders.

Under the stressed scenarios, there are several where the Company's ability to meet the MCR is not threatened, but where the SCR might be breached, and the Company would, therefore, need to raise additional capital. Depending upon the speed of capital erosion, the Governing Body believes that four main ways of raising capital would be:

- Increases to premiums (to reflect the revised increased risks of the schemes affected).
- Changes to the commission arrangements payable for new business acquisition with a view to increasing the Company's retained premiums; and

- Capital injection by the shareholder.
- Reduction of risk with Quota Share and/or Stop Loss reinsurance policies.

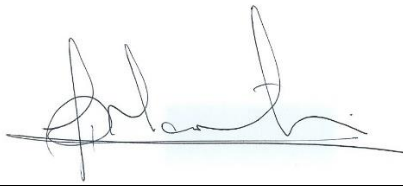
Directors Approval Statement

We acknowledge our responsibility for preparing the SFCR in all material aspects in accordance with the PRA Rules and Solvency II Regulations.

We are satisfied that:

a) Throughout the financial year in questions, the Company has complied in all material respects with the requirements of the PRA Rules and the Solvency II Regulations applicable to the Company; and

b) It is reasonable to believe that the Company has continued so to comply subsequently and will continue so to comply in future.



Francis Martin

Director and Chief Executive Officer

Date: 4th January 2024

Christopher Hall

Director and Chief Finance Officer

Date: 4th January 2024

Appendix 1: Quantitative Reporting Templates
("QRTs")

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	3,203
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	7,543
Property (other than for own use)	**R0080**	5,521
Holdings in related undertakings, including participations	**R0090**	
Equities	**R0100**	
Equities – listed	**R0110**	
Equities – unlisted	**R0120**	
Bonds	**R0130**	2,022
Government Bonds	**R0140**	2,022
Corporate Bonds	**R0150**	
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**	23,373
Loans on policies	**R0240**	69
Loans and mortgages to individuals	**R0250**	
Other loans and mortgages	**R0260**	23,204
Reinsurance recoverables from:	**R0270**	
Non-life and health similar to non-life	**R0280**	
Non-life excluding health	**R0290**	
Health similar to non-life	**R0300**	
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	
Health similar to life	**R0320**	
Life excluding health and index-linked and unit-linked	**R0330**	
Life index-linked and unit-linked	**R0340**	
Deposits to cedants	**R0350**	
Insurance and intermediaries receivables	**R0360**	
Reinsurance receivables	**R0370**	-585
Receivables (trade, not insurance)	**R0380**	296
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**	29,486
Any other assets, not elsewhere shown	**R0420**	
Total assets	**R0500**	**63,216**

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	10,078
Technical provisions – non-life (excluding health)	R0520	10,078
TP calculated as a whole	R0530	
Best Estimate	R0540	8,100
Risk margin	R0550	1,934
Technical provisions - health (similar to non-life)	R0560	
TP calculated as a whole	R0570	
Best Estimate	R0580	
Risk margin	R0590	
Technical provisions - life (excluding index-linked and unit-linked)	R0600	
Technical provisions - health (similar to life)	R0610	
TP calculated as a whole	R0620	
Best Estimate	R0630	
Risk margin	R0640	
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	
TP calculated as a whole	R0660	
Best Estimate	R0670	
Risk margin	R0680	
Technical provisions – index-linked and unit-linked	R0690	
TP calculated as a whole	R0700	
Best Estimate	R0710	
Risk margin	R0720	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	129
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	1,356
Insurance & intermediaries payables	R0820	
Reinsurance payables	R0830	
Payables (trade, not insurance)	R0840	22
Subordinated liabilities	R0850	
Subordinated liabilities not in BOF	R0860	
Subordinated liabilities in BOF	R0870	
Any other liabilities, not elsewhere shown	R0880	649
Total liabilities	R0900	12,234
Excess of assets over liabilities	R1000	50,982

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

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**			Total
		Fire and other damage to property insurance	General liability insurance	Miscellaneous financial loss	
		C0070	**C0080**	**C0120**	**C0200**
Premiums written					
Gross - Direct Business	**R0110**	2,169	1,085	69,050	72,304
Gross - Proportional reinsurance accepted	**R0120**				
Gross - Non-proportional reinsurance accepted	**R0130**				
Reinsurers' share	**R0140**	858	429	27,326	28,614
Net	**R0200**	1,311	655	41,724	43,690
Premiums earned					
Gross - Direct Business	**R0210**	2,197	1,099	69,951	73,247
Gross - Proportional reinsurance accepted	**R0220**				
Gross - Non-proportional reinsurance accepted	**R0230**				
Reinsurers' share	**R0240**	870	435	27,686	28,991
Net	**R0300**	1,328	664	42,265	44,256
Claims incurred					
Gross - Direct Business	**R0310**	1,830	915	58,270	61,016
Gross - Proportional reinsurance accepted	**R0320**				
Gross - Non-proportional reinsurance accepted	**R0330**				
Reinsurers' share	**R0340**	732	366	23,307	24,405
Net	**R0400**	1,098	549	34,963	36,611
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**	217	108	6,899	7,224
Other expenses	**R1200**				
Total expenses	**R1300**				7,224

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance			Total Non-Life obligation
		Fire and other damage to property insurance	General liability insurance	Miscellaneous financial loss	
		C0080	**C0090**	**C0130**	**C0180**
Technical provisions calculated as a whole	**R0010**				
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0050**				
Technical provisions calculated as a sum of BE and RM					
Best estimate					
Premium provisions					
Gross	**R0060**	34	17	1,093	1,144
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**				
Net Best Estimate of Premium Provisions	**R0150**	33	17	1,051	1,101
Claims provisions					
Gross	**R0160**	210	105	6,685	7,000
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**				
Net Best Estimate of Claims Provisions	**R0250**	210	105	6,685	7,000
Total Best estimate - gross	**R0260**	244	122	7,778	8,144
Total Best estimate - net	**R0270**	244	122	7,778	8,144
Risk margin	**R0280**	58	29	1,847	1,934
Amount of the transitional on Technical Provisions					
Technical Provisions calculated as a whole	**R0290**				
Best estimate	**R0300**				
Risk margin	**R0310**				
Technical provisions - total					
Technical provisions - total	**R0320**	302	151	9,625	10,078
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**				
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	302	151	9,625	10,078

Annex I

S.19.01.21

Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	**Z0020**	Accident year [AY]

Gross Claims Paid (non-cumulative)

(absolute amount)

	Development year											
	Year	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**
Prior	**R0100**											
2013	**R0160**	14,660	6,507	550	128	27	1					
2014	**R0170**	16,823	7,275	248	115	6	16	37				
2015	**R0180**	21,124	11,854	272	13	44			1			
2016	**R0190**	24,381	10,698	83	56	37						
2017	**R0200**	52,255	3,912	133	148	140	41					
2018	**R0210**	65,422	4,845	101	74	219						
2019	**R0220**	57,717	6,162	153	144							
2020	**R0230**	65,554	8,770	107								
2021	**R0240**	61,239	5,880									
2022	**R0250**	56,237										

		In Current year	**Sum of years (cumulative)**
		C0170	**C0180**
	R0100		
	R0160		21,874
	R0170		24,519
	R0180	1	33,308
	R0190		35,256
	R0200	41	56,630
	R0210	219	70,663
	R0220	144	64,175
	R0230	107	74,431
	R0240	5,880	67,119
	R0250	56,237	56,237
Total	**R0260**	62,629	504,212

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year		1	2	3	4	5	6	7	8	9	10 & +
		Development year										
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	**R0100**											
2013	**R0160**	5,309	917	410	126							
2014	**R0170**	7,158	959	191	96							
2015	**R0180**	8,526	438	68	95							
2016	**R0190**	9,615	156	65	95							
2017	**R0200**	4,422	140	65	136							
2018	**R0210**	4,941	140	173	93							
2019	**R0220**	6,380	406	174	327							
2020	**R0230**	7,560	387	535								
2021	**R0240**	8,349	710									
2022	**R0250**	5,744										

		Year end (discounted data)
		C0360
	R0100	
	R0160	
	R0170	
	R0180	
	R0190	
	R0200	
	R0210	
	R0220	312
	R0230	512
	R0240	679
	R0250	5,496
Total	**R0260**	7,000

Annex I

S.23.01.01

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	**R0010**	32,450	32,450			
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**	18,532	18,532			
Subordinated liabilities	**R0140**					
An amount equal to the value of net deferred tax assets	**R0160**					
Other own fund items approved by the supervisory authority as basic own funds not specified above	**R0180**					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	**R0220**					
Deductions						
Deductions for participations in financial and credit institutions	**R0230**					
Total basic own funds after deductions	**R0290**	50,982	50,982			
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	**R0300**					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	**R0310**					
Unpaid and uncalled preference shares callable on demand	**R0320**					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	**R0330**					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**R0340**					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	**R0350**					

Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0360**					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0370**					
Other ancillary own funds	**R0390**					
Total ancillary own funds	**R0400**					
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	50,982				
Total available own funds to meet the MCR	**R0510**	50,982				
Total eligible own funds to meet the SCR	**R0540**	50,982				
Total eligible own funds to meet the MCR	**R0550**	50,982				
SCR	**R0580**	26,772				
MCR	**R0600**	6,757				
Ratio of Eligible own funds to SCR	**R0620**	190.43%				
Ratio of Eligible own funds to MCR	**R0640**	754.55%				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	**R0700**	50,982	-
Own shares (held directly and indirectly)	**R0710**		-
Foreseeable dividends, distributions and charges	**R0720**		-
Other basic own fund items	**R0730**	32,450	-
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**		-
Reconciliation reserve	**R0760**	18,532	-
Expected profits			-
Expected profits included in future premiums (EPIFP) - Life business	**R0770**		-
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**		-
Total Expected profits included in future premiums (EPIFP)	**R0790**		-

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

		Gross solvency capital requirement	USP	Simplifications
		C0110	**C0090**	**C0120**
Market risk	**R0010**	5,158	-	
Counterparty default risk	**R0020**	3,315	-	-
Life underwriting risk	**R0030**			
Health underwriting risk	**R0040**			
Non-life underwriting risk	**R0050**	20,962		
Diversification	**R0060**	(4,755)	-	-
Intangible asset risk	**R0070**		-	-
Basic Solvency Capital Requirement	**R0100**	24,680	-	-

Calculation of Solvency Capital Requirement		**C0100**
Operational risk	**R0130**	2,092
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**	26,772
Capital add-on already set	**R0210**	
Solvency capital requirement	**R0220**	26,772
Other information on SCR		-
Capital requirement for duration-based equity risk sub-module	**R0400**	
Total amount of Notional Solvency Capital Requirement for remaining part	**R0410**	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	**R0420**	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	**R0430**	
Diversification effects due to RFF nSCR aggregation for article 304	**R0440**	

Annex I
S.28.01.01
Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	**R0010**	6,757

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	**C0030**
Medical expense insurance and proportional reinsurance	**R0020**		
Income protection insurance and proportional reinsurance	**R0030**		
Workers' compensation insurance and proportional reinsurance	**R0040**		
Motor vehicle liability insurance and proportional reinsurance	**R0050**		
Other motor insurance and proportional reinsurance	**R0060**		
Marine, aviation and transport insurance and proportional reinsurance	**R0070**		
Fire and other damage to property insurance and proportional reinsurance	**R0080**	244	1,311
General liability insurance and proportional reinsurance	**R0090**	122	655
Credit and suretyship insurance and proportional reinsurance	**R0100**		
Legal expenses insurance and proportional reinsurance	**R0110**		
Assistance and proportional reinsurance	**R0120**		
Miscellaneous financial loss insurance and proportional reinsurance	**R0130**	7,778	41,724
Non-proportional health reinsurance	**R0140**		
Non-proportional casualty reinsurance	**R0150**		
Non-proportional marine, aviation and transport reinsurance	**R0160**		
Non-proportional property reinsurance	**R0170**		

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_L Result	R0200	

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

Overall MCR calculation

		C0070
Linear MCR	R0300	6,757
SCR	R0310	26,772
MCR cap	R0320	12,047
MCR floor	R0330	6,693
Combined MCR	R0340	6,757
Absolute floor of the MCR	R0350	3,126

		C0070
Minimum Capital Requirement	R0400	6,757