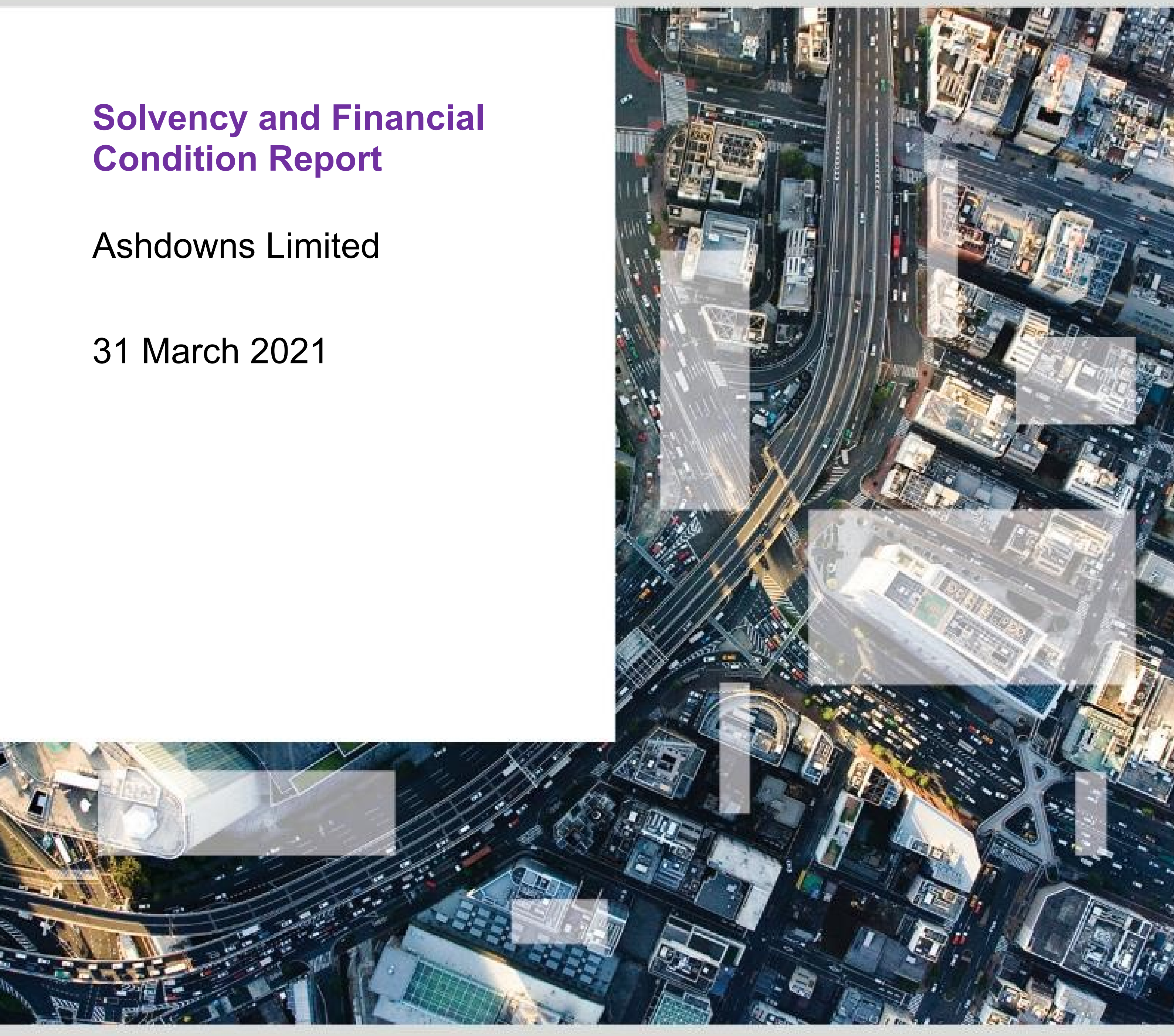
Solvency and Financial Condition Report

Ashdowns Limited

31 March 2021



Report Dated 24th June 2021

Table of Contents

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Executive Summary

The Directors of Ashdowns Limited ("Ashdowns" or "insurance undertaking", "the Company") present the Solvency and Financial Condition Report ("SFCR") for the year ended 31 March 2021.

This SFCR has been prepared to allow Ashdowns to comply with the Pillar III reporting requirements under Directive 2009/138/EC ("the Solvency II Directive") and associated Regulations including but not limited to Commission Delegated Regulation 2015/35 ("the regulations" or "the implementing rules").

All figures represented in this document are in Great British Pound ("GBP", "£") unless otherwise noted.

Business and Performance

The Company's business strategy is to provide coverage for certain risks of the NSG Group. Investment of Company funds is in line with the documented investment strategy, reflecting a 'prudent person' approach to the management of counterparty, concentration, interest rate and currency risk.

During the year ended 31 March 2021, the Company registered claims paid of £ 238,306 and a movement in claims outstanding of £ 110,774. Such movement was offset by a movement in IBNR reserve of £ 127,531.

After factoring in administrative expenses to run the business and investment income, the Company generated a loss for the year before tax of £ 18,765, compared to a profit for the year before tax of £ 64,629 for 2020.

Total assets as at the end of the year stood at £ 26,630,452 (2020: £ 26,845,886). Total equity stood at £ 22,210,222.

Systems of Governance

The Company maintains a system of governance which is commensurate to the nature, scale and complexity of its operations. The mainstay of the system of governance is the risk management system, which is designed to ensure that all the material risks are identified, managed and mitigated.

The Company recognises the importance of having an effective risk management system embedded throughout all its areas.

The Company's Risk Management System is comprised of the following elements:

- Risk Register
- Risk Appetite Statement ("RAS")
- Formal Policy Documents for all key risks

- Own Risk and Solvency Assessment ("ORSA")
- Formalised Risk Reporting

No significant changes in the system of governance, including the risk management system, occurred during the year under review.

Risk Profile

Each of the elements of the Risk Management System listed above contribute to the identification, measurement, monitoring, management and reporting of risks and is intended to work as an integrated system, and therefore each should be considered both in terms of the specific function of the respective element, and in terms of its function within the overall system.

Each element of the system is embedded effectively within the Company and managed by the Risk Management Function with appropriate oversight from the Board of Directors of Ashdowns.

The Company's main risk is in respect of the business of insurance as this is the principal activity. The risk under any one insurance contract is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims and actual benefits paid. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The Company manages these risks through a claims strategy that is approved by the Board of Ashdowns.

Other risks relate to counterparty default risk in relation to investments, market risk in relation to liquidity risk and asset-liability management ("ALM"), operational and compliance risks. There were no significant changes in the risk profile of the Company which occurred during the year under review.

Valuation and Capital Management

As of 1 January 2016, the Solvency II Directive came into force with new regulatory requirements that ascertain the level of the required regulatory capital on the basis of the risks the Company is currently undertaking. Solvency II also outlines how the own funds shall be derived by converting the Statement of Financial Position from a Generally Accepted Accounting Practice in the UK ("UK GAAP") to one where assets and liabilities are measured in line with their underlying economic value.

The Directors of Ashdowns were actively involved in the implementation of the Solvency II legislation and these are embedded in the Group's operations. Regular monitoring of the Solvency Capital Requirement ("SCR") and Minimum Capital Requirements ("MCR") is considered crucial and a Capital Management Policy is in place to address the procedures and controls in this regard.

The Company monitors its capital level on a regular basis. Based on the SCR calculations as at 31 March 2021, the Company complied with the capital and solvency requirements and its Solvency Ratio is above its set risk appetite.

The Company's Solvency position as at 31 March 2021 was as follows:

Company

Solvency Position	2021	2020
	GBP	GBP
Company's Own Funds to cover the SCR	17,671,498	16,847,445
Solvency Capital Requirement	13,639,447	13,830,372
SCR Cover	**129.56%**	**121.81%**
Company's Own Funds to cover the MCR	17,671,498	16,847,445
Minimum Capital Requirement	3,409,862	3,457,593
MCR Cover	**518.25%**	**487.26%**

Basic SCR	2021	2020
	GBP	GBP
Market Risk	12,564,399	12,613,730
Counterparty Default Risk	6,707	18,829
Non-Life UW Risk	2,500,573	2,766,984
Diversification Benefit	(1,659,556)	(1,820,715)
	13,412,123	13,578,828

SCR	2021	2020
	GBP	GBP
Basic SCR	13,412,123	13,578,828
Operational Risk	227,325	251,544
LACDT	-	-
	13,639,447	13,830,372

Based on management calculations, the Company expects to continue meeting the Solvency II capitalisation requirements going forward and its risk appetite.

The Board of Ashdowns approved the latest Own Risk and Solvency Assessment ("ORSA") in December 2020 and was confident that the Company shall remain solvent under normal business conditions during the planning period. It also carried out a number of stresses to the realistic assessment and was satisfied with the results.

Directors' Statement

We acknowledge our responsibility for preparing the SFCR in all material respects in accordance with the PRA Rules and the Solvency II Regulations. We are satisfied that:

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

b) It is reasonable to believe that, at the date of the publication of the SFCR, the insurer continues so to comply, and will continue so to comply in the future.

On Behalf of the Board

Iain Smith Director

24th June 2021

Section A: Business and Performance

A.1 Business and External Environment

Basic Information

Name of undertaking:	Ashdowns Limited	
Company number:	00154161	
PRA Reference number:	202021	
Legal status:	Ashdowns Limited ceased underwriting new business as at 31 March 1998. As a consequence, it has been in 'run-off' since 1 April 1998 and all of its current insurance provisions relate to liabilities arising from policies that expired on or prior to this date.	
Directors of Ashdowns Limited:	Iain Michael Smith Julie Ann Brown John Andrew Burchill	
Name of supervisory authority: *Contact details:*	Financial Conduct Authority Financial Conduct Authority 12 Endeavour Square, London E20 1JN, United Kingdom Tel: +44 207 066 1000 https://www.fca.org.uk	Prudential Regulation Authority Prudential Regulation Authority 20 Moorgate, London EC2R 6DA United Kingdom Tel: +44 020 3461 4444 https://www.bankofengland.co.uk
Name of external auditors: Contact details:	Bennett Brooks & Co Limited Bennett Brooks & Co Limited St George's Court, Winnington Avenue, Northwich, Chesire, CW8 4EE, England Tel: ++44 01244 401010 http://www.bennettbrooks.co.uk	

Business Objectives

Ashdowns Limited (the Company) commenced underwriting business in 1971 and ceased underwriting new business as at 1st April 1998 and has been in 'run-off' since that date. Its current insurance provisions relate to liabilities arising from policies that expired on or prior to this date.

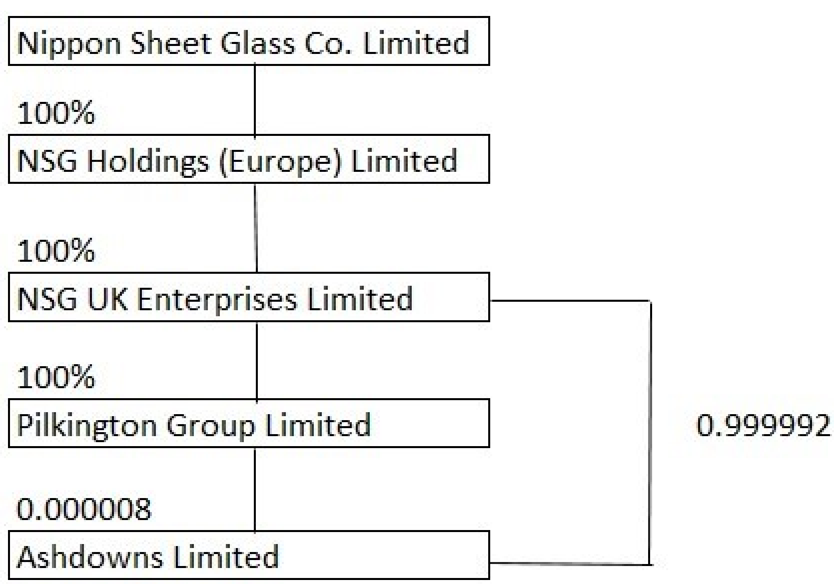
The possibility of the Company meeting its obligations by way of commutation and / or novation of its contracts has been considered by the Board, however, this course of action is not considered feasible at this time. Accordingly, the Company will meet its liabilities to its policyholders / counterparties through the settlement of claims from its financial resources.

The Strategic objectives of the Company have been determined by the Board in conjunction with the shareholder and are set out below:

- To manage the Company's historical insurance portfolio and the risks arising from it
- To meet fully all legal obligations to policyholders and cedants in the most cost effective and efficient manner
- To provide quality customer service in coverage and business processes

Ownership Structure

The principal activity of the Company is the run-off of general insurance risk for member companies of what used to be the Pilkington Glass Group. The immediate parent undertaking and controlling party is NSG UK Enterprises Limited, a company registered in England and Wales which is the majority shareholder, as shown in the ownership structure below. There are 250,000 shares in total, "NSG UK Enterprises Limited" hold 249,998 shares with "Pilkington Group Limited" holding 2 shares, a minimal shareholding of 0.0008% in total.



Material Transactions with Shareholders and Members of the Board of Directors

Trading transactions with related parties and year end balances arising from these transactions are disclosed in Note 13 to the Audited Financial Statements of the Company.

Any other matters

The Covid-19 global pandemic which unfolded during March 2020 culminated in a major change in the business plan of several businesses due to government-imposed lockdowns and restrictions. The Company, being in run-off, has been less impacted by these measures. The Company has noted that its service providers have adopted work-from-home and return-to-office protocols since the Covid-19 government measures have been introduced. The Company has not seen any negative impact to its ability to continue carrying out its business plan of running-off its claims portfolio or to its ability to meet other operational and regulatory requirements as a result of such measures.

A.2 Underwriting Performance

Overall Performance for Financial Year 2021

The Company's business strategy is to provide coverage for certain risks of the NSG Group. Investment of Company funds is in line with the documented investment strategy, reflecting a 'prudent person' approach to the management of counterparty, concentration, interest rate and currency risk.

During the year ended 31 March 2021, the Company registered claims paid of £ 238,306 and a movement in claims outstanding of £ 110,774. Such movement was offset by a movement in IBNR reserve of £ 127,531.

After factoring in administrative expenses to run the business and investment income, the Company generated a loss for the year before tax of £ 18,765, compared to a profit for the year before tax of £ 64,629 for 2020.

Total assets as at the end of the year stood at £ 26,630,452 (2020: £ 26,845,886). Total equity stood at £ 22,210,222.

Ashdowns Limited

The following table shows an extract from the Annual Reporting Templates ("ARTs") detailing the underwriting performance by line of business:

Non-life	Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance) — General liability insurance	Total
	C0080	C0200
Premiums written		
Gross - Direct Business	0.00	0.00
Gross - Proportional reinsurance accepted		0.00
Gross - Non-proportional reinsurance accepted		0.00
Reinsurers' share	0.00	0.00
Net	0.00	0.00
Premiums earned		
Gross - Direct Business	0.00	0.00
Gross - Proportional reinsurance accepted		0.00
Gross - Non-proportional reinsurance accepted		0.00
Reinsurers' share	0.00	0.00
Net	0.00	0.00
Claims incurred		
Gross - Direct Business	0.00	0.00
Gross - Proportional reinsurance accepted		0.00
Gross - Non-proportional reinsurance accepted		0.00
Reinsurers' share		0.00
Net	0.00	0.00
Expenses incurred	0.00	0.00
Acquisition expenses		
Gross - Direct Business	0.00	0.00
Gross - Proportional reinsurance accepted		0.00
Gross - Non-proportional reinsurance accepted		0.00
Reinsurers' share		0.00
Net	0.00	0.00
Other expenses		
Total expenses		0.00

All insurance related transactions are carried out in the Home Country.

Underwriting Expenses

Information on the underwriting expenses of the Company can be found in Notes 8 and 9 to the Audited Financial Statements of the Ashdowns Limited.

Group Transactions

Trading transactions with related parties and year end balances arising from these transactions are disclosed in Note 13 to the Audited Financial Statements of Ashdowns Limited.

A.3 Investment Performance

Details of the Company's investment performance can be found in Note 10 to the Audited Financial Statements of Ashdowns Limited.

The Company has a simple investment portfolio which consists of the following:

Cash and cash equivalents

This comprises cash at banks and in hand and short-term deposits with an original maturity of six months or less. Carrying amounts approximate fair value due to the short-term nature and high liquidity of the instruments.

Amounts due from fellow group undertakings

This comprises an intercompany loan held with the parent group. It is carried at amortised cost and is repayable on demand. The amortised cost approximates to fair value and market value.

The Company did not hold any investments in securitisation.

A.4 Performance of other activities

The Company does not carry out any other activities.

A.5 Any other information

There is no other information to be disclosed under this section.

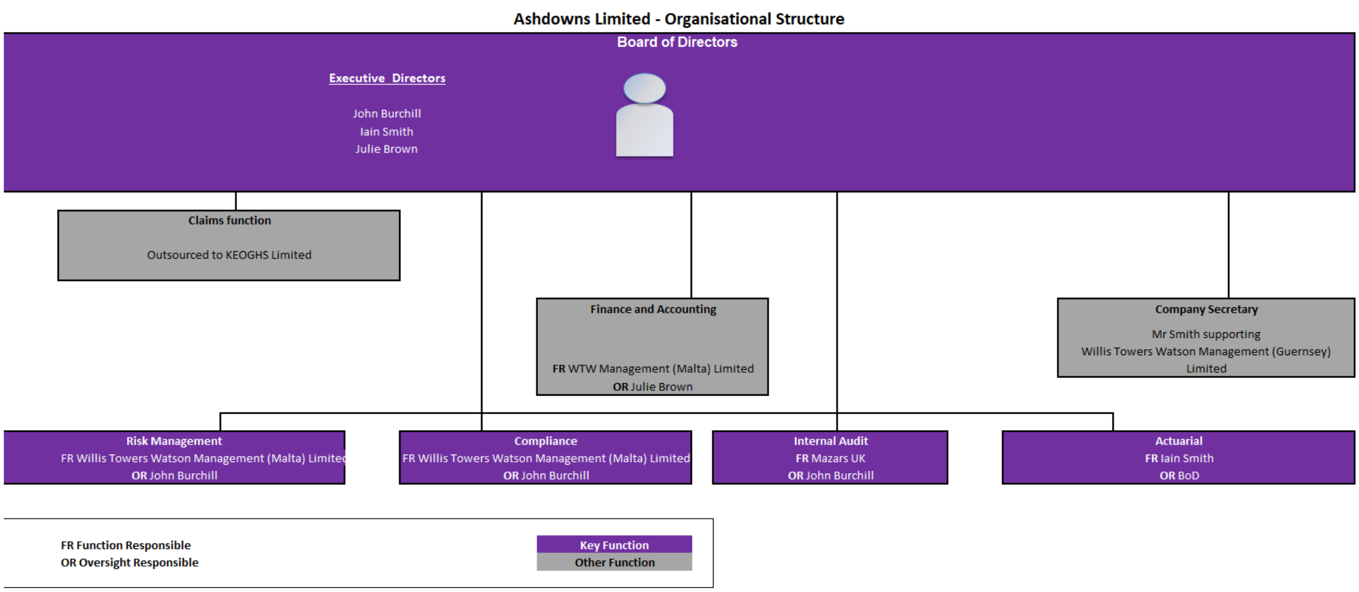
Section B: System of Governance

B.1 General Information on the System of Governance

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

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

The Organisational Structure of Ashdowns Limited as at 31 March 2021 is as follows:



Board of Directors

The Board of Directors is the focal point of the governance system and is ultimately accountable and responsible for the performance and conduct of the Company and, as such, must have at its disposal all required capabilities to achieve its duties.

The composition of the Board of the Group companies as at 31 March 2021 has been laid out in Section A.1 to this document.

The Board is satisfied that the system of governance in place is adequate for the nature, scale and complexity of the risks of the Company.

Key Functions

Ashdowns complies with the requirements under Solvency II and the Fitness & Probity Standards to ensure that Key Functions are held by persons with the appropriate knowledge, experience and competence. The insurance undertaking has in place four Key Functions, being the Risk Management, Compliance, Actuarial and Internal Audit Functions. These Key Functions are outsourced by Ashdowns.

Risk Management Function

The Risk Management Function is outsourced to Willis Towers Watson Services (Malta) Limited, with Mr John Burchill acting as Board oversight. Risk management lies at the heart of Ashdowns' business activities. The adopted risk appetite reflects the articulated risk profile set by the Board through its risk-return profiling of the identified key risks.

The Board is assisted by Willis Towers Watson Services (Malta) Limited being the outsourced service provider of this Function in setting risk management strategy, in developing a risk management framework of the Company's risk appetite, limits and tolerances, in establishing internal risk management structures, and in ensuring that the necessary resources are available and dedicated to achieving the risk management objectives.

Furthermore, Willis Towers Watson Services (Malta) Limited also assists the Board and other functions in assessing and defining the risks existing in specific risk areas and from those assessments developing written risk management policies and procedures to manage those risks. It also assists the Board in assessing the Company's capacity to absorb risk with due regard to the nature, probability, duration, correlation and potential severity of risks, including looking at risks from different perspectives, such as by territory or by line of business. It also seeks to identify and assess emerging risks and advise the Board thereon.

Acceptable risk limits for each risk type are determined to facilitate control mechanisms to ensure that limits and procedures are adhered to, and that the company is operating within the risk appetite parameters set by the Board.

That, above all, Ashdowns operates in a dynamic business environment and it is essential to be alert to changes in the Company and in the environment in which it operates and to modify the Risk Management system as necessary.

The Board is further assisted by Willis Towers Watson Services (Malta) Limited in performing the Own Risk and Solvency Assessment.

Compliance Function

The Compliance Function is outsourced to Willis Towers Watson Services (Malta) Limited, with Mr John Burchill acting as Board oversight. The Function is responsible for:

- Providing a compliance function (the "Compliance Function"), which has established a Compliance Policy and set out its planned activities, reviews and monitoring in a Compliance Plan, which is submitted annually to the Board for review and approval;
- Facilitating reasonable access by the Company, its auditors and Regulator to information held by the Compliance Function in connection with the provision of the Services;
- Liaising with the Regulator in relation to changes in existing regulations and guidelines;
- Making all necessary returns to Regulator and observe all reporting requirements imposed upon the Company by Regulator;
- Providing to new directors and officers of the Client, who are to undertake controlled functions requiring regulatory approval, appropriate documentation for submission to the Regulator, assisting with completion, submission and response to follow-up enquiries in relation to the authorisation process, and submitting the appropriate filing upon the termination of a director or officers' appointment.

Actuarial Function

The Board has ensured that an appropriately resourced Actuarial Function is established and maintained within Ashdowns. The activities of Ashdowns' Actuarial Function are currently carried out by Mr Iain Smith with the support of actuarial consultants. Oversight is provided by the Board of Directors.

Further information on the Actuarial Function is provided in Section B.6.

Internal Audit Function

The Board has ensured that an appropriately resourced Internal Audit Function is established and maintained within Ashdowns. The Internal Audit Function is an outsourced service, provided by a third party audit firm (Mazars UK) with Mr John Burchill acting as Board oversight. The Internal Audit mission is to independently examine and evaluate the functioning effectiveness and efficiency of Ashdowns' internal control system and all other elements of governance.

The activities of the Internal Audit function are designed to provide advice to management in improving the internal control environment, monitoring the implementation of strategic control initiatives and managements remediation activity. The Internal Audit Function provides a formal report to the Board at least annually. The findings of Internal Audit reviews conducted are discussed with and challenged by the Board and an action plan is agreed upon to remediate any issues identified, along with a timeline for completion.

Further information on the Internal Audit Function is provided in Section B.5.

Review / Adequacy of Systems of Governance

The Board of Directors of Ashdowns are satisfied that the systems of governance in place are appropriate given the Company's risk profile and commensurate with the Nature, Scale and Complexity of its operations.

There has been no material change to the underlying System of Governance of the Company during 2021, with the exception to changes in the composition of a change in the function holders. Ashdowns has replaced AON Insurance Managers with Willis Towers Watson as risk management function and Mazars UK as internal audit function during financial year 2021.

B.2 Fit and Proper Requirements

Fitness:

i. Every Relevant Person must be fit for their role and responsibilities and hold the qualifications, knowledge and experience relevant and necessary to ensure that the role is managed in a professional manner with the necessary degree of management and technical competence.

ii. The members of the Board of Ashdowns collectively must possess at least qualification, experience and knowledge:

   a. of insurance and financial markets relevant to the operations of the Company;

   b. of the business strategy and business model of Ashdowns;

   c. of Ashdowns' system of governance;

   d. to perform required financial and actuarial analysis in respect of Ashdowns;

   e. of the regulatory framework and requirements applicable to the Company; and

   f. Generally to be able to provide for the sound and prudent management of Ashdowns.

iii. The appointment and continuing engagement of any Relevant Person must comply with the fitness elements as set out within the applicable rules and guidelines.

Propriety:

i. The honesty, financial soundness and reputation of every Relevant Person must be assessed by the Company to determine that they are of good repute and integrity, based on relevant evidence regarding their character, personal behaviour and business conduct including any criminal, financial and supervisory aspects, regardless of location but taking account of any applicable period of limitation in respect of any committed offence.

ii. The appointment and continuing engagement of any Relevant Person must comply with the probity elements of the aforementioned rules and guidelines.

Reporting Requirements

To assist the Board in overseeing the execution and implementation of this policy, the Compliance Officer reports to the Board on the Fitness and Propriety of Ashdowns at least on an annual basis.

B.3 Risk Management System including the ORSA

Ashdowns' Risk Management System is comprised of the following elements;

- Risk Register
- Risk Appetite Statement
- Formal Policy Documents for all key risks
- Own Risk and Solvency Assessment
- Formalised Risk Reporting

Each of the elements of the Risk Management System detailed above contribute to the identification, measurement, monitoring, management and reporting of risks and is intended to work as an integrated system, and therefore each should be considered both in terms of the specific function of the respective element, and in terms of its function within the overall system.

Each element of the system shall be embedded effectively within Ashdowns and managed by the Risk Management Function with appropriate oversight from the Board.

Risk Management Approach

Ashdowns' risk management approach is centred on ensuring the inherent risk which the Company faces in the course of its business is appropriately managed to ensure the strategic objectives are achieved.

A direct linkage from strategic to operational levels is established through a cascading of the principles of the hierarchy down to the immediate sub level. This approach also ensures that risk management is appropriately included in the Company's decision-making processes.

The following level hierarchy summarises this approach:

1	Company Strategy	Sets Strategic Objectives
2	Risk Strategy and Risk Appetite Statement (RAS)	Appetite & tolerance limits for risk which threaten strategic as detailed in Level 1
3	Specific Risk Policies	Controls developed to adhere to tolerance limits detailed in Level 2 embedded in operational policies
4	Risk Register	Controls developed under Level 3 used to evaluate the risk on a residual basis

1	ORSA	Assessment of Own Risks based on Risk Management Process
2	Capital	Capital management based on assessment of risks in Level 1

Risk Management Function

The Risk Function of Ashdowns is responsible for the operational coordination and application of all Risk Management activities throughout Ashdowns on an ongoing basis.

The Risk Function reports directly to the Board at every board meeting or upon occurrence of an event which could materially impact Ashdowns' risk profile.

The Function is responsible for coordination of all risk management activities throughout Ashdowns. The Function is also responsible for providing the Board with assistance and support in development and implementation of the various risk management arrangements within Ashdowns.

The Board has outsourced the activities of the Risk Function to Willis Towers Watson Services (Malta) Limited in accordance with the Ashdowns' Outsourcing Policy.

Risk Categories & Key Risks

Key risks are considered to be the six risk categories detailed in the Solvency II Directive text together with any other risks evaluated as being key risk through the operation and activity of the Risk Management Function and approved by the Board.

All risks, aside from those which fall within the risk categories prescribed in the Solvency II text, shall be considered to be a key risk if, on a residual basis, a material level of capital is deemed to be required in order to accept the risk, or if particular controls or risk mitigation techniques specific for the risk in question must be employed. Each of the key risks shall be included in the Risk Appetite Statement.

The risk categories and key risks to which Ashdowns is exposed will be reviewed periodically by the Risk Management Function and at least:

- annually
- on occurrence of an event which could materially affect the Company’s risk profile
- on the introduction of material new business
- at the discretion or order of the Board

Risk Appetite Statement

Ashdowns has in place a Risk Appetite Statement (“RAS”). The RAS sets out the risk appetite and tolerance levels for all key risks over the planning period of Ashdowns.

Ashdowns considers the RAS to be the primary element of the Risk Management System, directly linking to the overall Company Strategy and determining the levels retained for each key risk, and also influencing the nature of the controls and mitigation techniques employed to ensure that the risk remains within the tolerable range.

The Board of Ashdowns is responsible for setting Ashdowns’ RAS. The Board shall periodically review the appropriateness and effectiveness of the RAS and will perform a formal review of the RAS at least annually or upon a material change in Ashdowns’ risk profile.

The RAS includes both qualitative and quantitative aspects for each key risk and is aligned to the planning period of Ashdowns.

The RAS shall be included in the decision-making processes of Ashdowns. The Board shall, before finalizing any material decision which could impact the risk profile of Ashdowns, refer to the RAS for guidance as to the likely effect of the decision on the tolerance levels of Ashdowns.

The RAS shall also be used to track actual performance against the metrics detailed in the RAS to ensure that no breach in the agreed tolerance levels has occurred.

Monitoring of the actual performance against the metrics identified in the RAS shall be performed periodically by the Risk Management Function and reported to the Board in line with the reporting trigger system included in the RAS.

Risk Register

Ashdowns has in place a comprehensive Risk Register to evaluate and assess the risks to which Ashdowns is exposed.

The Risk Register shall initially assess the risk universe of Ashdowns on an inherent basis. The controls and risk mitigating techniques employed by Ashdowns and as detailed in the individual risk policies which act on the risk allow for an evaluation of the risk on a residual basis.

If the risk on a residual basis is deemed to potentially require a material level of capital to accommodate the risk, this risk should be considered a key risk. Any risk deemed to be a key risk shall be considered for inclusion in the RAS by the Board.

The Risk Management Function is responsible for the ongoing maintenance of the Risk Register. The Risk Register will be updated on at least an annual basis and upon the occurrence of an event which may materially impact the Company's risk profile.

A summary of the results of the Risk Register review shall be distributed to the Board upon completion of each review as soon as is practicable and form part of the Risk Management Function's periodic Risk Reporting.

As part of each update, the Risk Register shall be reviewed by the Risk Management Function to ensure that the Risks included represent all the material risks to which Ashdowns is exposed and that all applicable emerging risks have been appropriately included.

Where an emerging risk has been identified as one which should potentially be included in the Risk Register, the Risk Function will advise the Board of the nature and context of the risk. The Board then shall determine whether the risk in question should be considered as a Key Risk.

ORSA

Ashdowns aims to ensure that the Company is appropriately and prudently capitalized in order to accept the risk to which it is exposed. In order to ensure this, Ashdowns will perform an ORSA at least annually and upon the occurrence of an event which may materially impact its risk profile. Ashdowns maintains separate policies on ORSA and Capital Management which are considered in the performance of the ORSA.

ORSA approach

The ORSA process is an important component of the Company's overall Risk Management System. The Company's ORSA approach is based on recognized Enterprise Risk Management principles and considers the Company's risk, controls and capital in a coordinated and holistic manner, building upon the strength of the risk management arrangements in place within the Company which is commensurate with the nature, scale and complexity of the Company's operations.

The insurance undertaking's Board, with the assistance of the Manager, have been tasked with ensuring the fulfilment of the ORSA process, including the requirements emanating under the EIOPA Guidelines. The Board has taken a proactive approach in providing guidance to the Risk Management function with regards to the approach taken by being involved in the direction of the ORSA process, including the identification, evaluation and quantification of the risks inherent in the business.

Through a series of discussions and workshops, the Board of Directors provided substantial input, discussed in detail the various aspects the ORSA, and adjusted as and if considered necessary.

Discussing the ORSA elements facilitated a forward looking assessment of the risks. Each step in the process promoted an appreciation of the relationship of the profile of the risk, the controls Ashdowns has in place and the resultant levels of capital required. The more definite Ashdowns can be in relation to each of these variables, the greater the confidence level of the range within which the risk is likely to materialise in future periods. Furthermore, the greater the confidence level Ashdowns has in relation to the range within which the risk is likely to occur, the greater certainty Ashdowns can have around the capital levels required to accommodate the risk.

The Board and management have a strong understanding of both the risks to which Ashdowns is exposed to and the effectiveness of the controls which act upon those risks. Ashdowns is guided by the EIOPA Guideline 9 in explaining its reasoning behind its choice of ORSA approach. The approach outlined allowed this knowledge of the Undertaking's risk profile and the strength of the controls in place to be used as the basis of the overall assessment and also facilitated documentation of the Board's (and management's) own view of the risk, which is the primary objective of the exercise.

Risk Reporting

The Risk Management Function reports to the Board on an annual basis. The report contains details of the outcome of the Risk Register review, the results of the comparison of the RAS to actual results, an update on emerging risks and the ORSA report.

The report contains both qualitative and quantitative aspects and covers all key risks of Ashdowns.

The Risk Management Function provides a report to the Board based on the occurrence of an event which materially alters the risk profile of Ashdowns or if the tolerance level triggers are breached.

The Risk Management Function advises the Board on the quality of the data used in the review of the Risk Management System, including any deficiencies that may have been identified during the course of the review.

B.4 Internal Control System

Internal control is defined as a process determined by an organisation's structure, work and authority flows, risk profile, people and management information systems, designed to help the organisation accomplish specific goals or objectives.

The purpose of an internal control system is have in place a coherent, comprehensive and continuous set of mechanisms which are designed to secure the following:

- Effectiveness and efficiency of the undertaking's operations, leading to improved performance and error reduction
- Alignment of the Company's activities with its business objectives by ensuring resources are correctly and prudently allocated
- Safeguarding of the Company's physical and monetary assets against error, fraud, theft and unauthorised use, acquisition or disposal, by quick identification and systemic prevention of, and formal responses to, these activities.
- Availability, reliability and accuracy of financial and non-financial information, ensuring proper financial reporting, by maintaining accurate and complete records required by legislation, regulation, the Board and the Group.
- Provision of timely and accurate management information critical to sound management practices and decision making
- Compliance with applicable laws, regulations and administrative provisions.
- Reduction of exposure to risks by minimising the chance of unexpected events

The guiding internal control principles are the following:

- The Board is responsible for the approval, application and review of this Internal Control Policy.
- The Board is ultimately responsible for ensuring that the Company has in place an effective internal control system which is commensurate with the nature, scale and complexity of the Company's operations.
- The Internal Audit Function is responsible for the evaluation of the adequacy and effectiveness of the Company's internal control system.
- The Compliance Function is responsible for the review and monitoring of the application of internal controls relating to compliance risk.
- The outsourced Managers (Willis Towers Watson Services (Malta) Limited) are responsible for the application and ongoing maintenance of the Company's internal control activities.

The Company will ensure that appropriate levels of Internal Controls are present within the organizational structure, work and authority flows, resource utilization and information systems.

This will be achieved by:

1. Ensuring the presence and application of individual internal policies, procedures and guidelines for each of the critical functions and activities of the Company;

2. ensuring that adequate approval procedures, authorization authorities, verification, reconciliations, and review procedures are in place for each function or activity and are adequately documented and communicated;

3. ensuring that adequate controls are in place pertaining to safeguarding the integrity and protection of information;

4. ensuring sufficient monitoring mechanisms are in place to facilitate assessments of the effectiveness of the controls in place; and

5. the activities of the Compliance function are in place, the Compliance Policy is being applied and the Compliance Plan is being implemented.

Given the nature of ’s organizational and operational structure, being fully outsourced to a management company, Ashdowns primarily relies on the internal control arrangements of the Managers.

The Managers shall apply and maintain the agreed internal controls as per section 5 as normal part of its operational activities. Any failure, or observed weakness identified by the Managers as part of its ongoing activity shall be reported to the Board as soon as is practicable.

The Compliance Function, in the discharge of its duties shall report to the Board as detailed in Ashdowns’ Compliance Policy.

The Internal Audit Function will review, evaluate and report on its review of the Internal control System to the Board as outlined in Ashdowns’ Internal Audit Policy.

Any relevant findings or recommendations identified by the external auditors during the discharge of their duties shall be reported to the Board in line with standard audit practices, and any such finding shall be considered by the Board together with the recommendations and findings of the Internal Audit Function.

Upon the event of the identification of an internal control weakness or failure, the Board shall decide upon the remedial action or amendment to the applicable internal controls.

The Managers shall be responsible for ensuring that the agreed remedial action or amendments to the Company’s Internal Control System are completed. The Managers shall advise the Board of any material impact that the remedial action or amendments have on the overall Internal Control System relative to the overall objectives of this internal control policy.

B.5 Internal Audit Function

The Board acknowledges that the internal controls and system of governance of Ashdowns must be supplemented by an effective Internal Audit Function that independently evaluates the control systems within the Company.

The Internal Audit Function periodically evaluates the adequacy and effectiveness of the internal control system and other elements of the system of governance of Ashdowns.

The Internal Audit Function is required to discharge its duties in line with recognised Internal Audit practices and keep abreast of any developments in relation to these practices.

The Internal Audit Function follows the following steps in undertaking an audit;

1. the Internal Audit Function provides a risk based Audit plan to the Board for its consideration at the beginning of the audit cycle. The plan includes the areas to be covered and related timelines and covers all material aspects of the Company's internal control arrangements within the agreed audit cycle. The audit cycle is agreed with the Board. The Company's current audit cycle is three years;

2. the Internal Audit Function performs an evaluation of the internal controls relating to the area under review which consists of two elements;

   I. Control Process Design Evaluation: the design and structure of the internal controls are evaluated to assess the adequacy of the controls relative to the inherent risks and the complexity of operations. Any design weaknesses are documented and reported.

   II. Control Testing: based on the current controls in place, the Internal Audit Function develops a testing methodology to provide insight into the effectiveness of the current controls. All relevant results and observations are documented and reported.

3. the finds resulting from the field work are validated with management / the Board as appropriate.

4. an appropriately detailed report including the approach, audit activities, basis for control testing and all findings and recommendations are presented to the Board at least annually. As part of its annual reporting responsibilities, the Internal Audit Function follows up on the status of any action plans developed from previous audits and notes the status of any outstanding recommendations made by the Internal Audit Function.

5. Based on the findings and recommendations of the Internal Audit Function in the period, the Board, in conjunction with the Internal Audit Function develop action plans to address any internal control weaknesses or failures, which management is responsible for implementing. The status of these Action Plans is reviewed by the Internal Audit Function at least annually with compliance with the recommendations documented.

The scope of internal audit work includes the review of risk management procedures, internal control systems, information systems and governance processes. Audits may range from periodic testing of transactions, best practice reviews, special investigations, appraisals of regulatory requirements to operational reviews and the detection of fraud.

The scope therefore includes at least the following areas;

- review of the adequacy of controls established to ensure compliance with policies, plans, procedures and business objectives;
- assess the reliability and security of financial and management information and the systems and operations that produce this information;
- assess the means of safeguarding assets;
- review of established procedures and systems and propose improvements;

- appraise the use of resources with regard to economy, efficiency and effectiveness;
- carry out ad hoc appraisals, investigations, or reviews requested by the Board;
- assess the adequacy of the Company's Risk Management System encompassing SCR and MCR calculations and ORSA processes.

The Internal Audit service derives its authority from the Board. Internal Audit aims to promote effective controls at a reasonable cost. To achieve this, internal audit is authorised, in the course of its activities, to;

- have access to, or make enquiry into, all of the Company's records, information and assets which it considers necessary for the performance of its functions;
- require all members of staff and outsourced service providers to supply such information and explanations as may be needed within a reasonable period of time;
- have direct access to the Board;
- be able to review all operational areas or levels within the Company or its third party service providers.

The Board is responsible for ensuring that the Internal Audit complies with sound internal auditing principles.

In particular, the Board ensures the establishment and renewal of the audit plan, the Internal Audit policy, and other written policies and procedures in respect of Internal Audit. The Internal Audit Function continuously ensures the professional competence and training of the staff and that the necessary resources are available for the function to discharge its duties.

The Internal Audit function reports to and advises the Board on the performance of the internal control system and on the achievement of the Internal Audit functions' objectives. In particular, it informs the Board about the progress of the audit plan. As part of its supervisory tasks the Board reviews the organisation and resources (both in terms of outsourced provider of internal audit services to Ashdowns and otherwise) of the Internal Audit function, the audit plan, activity reports, and a summary of internal audit's recommendations and the status of their implementation.

B.6 Actuarial Function

The Actuarial Function adopts the following approach:

1. Coordinates the calculation of technical provisions

In order to coordinate the calculation of technical provisions, the Actuarial Function:

- Applies methodologies and procedures to assess the sufficiency of technical provisions ensuring that their calculation is consistent with the underlying principles of Solvency II;
- Assesses the uncertainty associated with the estimates;

- Uses judgment whenever this is needed, making use of appropriate information and experience of the persons that are in charge of the function;

- Ensures that problems related to the calculation of technical provisions arising from insufficient data quality are dealt with appropriately and that, where it is impracticable to apply common methods of calculating technical provisions because of insufficient data quality, the most appropriate alternatives to common methods applied are found, taking into consideration the principle of proportionality;

- Ensures that homogeneous risk groups for an appropriate assessment of the underlying risks are identified;

- Consults any relevant market information and ensures that it is integrated into the assessment of technical provisions;

- Compares and justifies any material differences among the estimates for different underwriting years; and

- Ensures that an appropriate assessment of options and guarantees embedded in liabilities is provided;

- Ensures that calculation of technical provisions is done in accordance with the Company's strategy

2. Ensures the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions

In order to ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions, the Actuarial Function not only assesses the general suitability of the methodology or underlying model for the calculation of technical provisions as such, but also decides whether they are appropriate for the specific lines of business of Ashdowns, for the way the business is managed and for the available data.

3. Assesses the sufficiency and quality of the data used in the calculation of technical provisions

In order to assess the sufficiency and quality of the data used in the calculation of technical provisions, the Actuarial Function has regard to the objectivity, reasonability and verifiability of management actions included in the calculation of technical provisions. It also assesses whether information technology systems used in actuarial procedures sufficiently support these procedures.

4. Compares best estimates against experience

In order to compare best estimates against experience, the Actuarial Function assesses whether past best estimates have proved sufficient and to use the insights gained in this assessment to improve the quality of present best estimate calculations. This analysis also includes comparisons between observed values and the assumptions used in the calculation of technical provisions in order to produce conclusions on the appropriateness of the data used and the methodologies applied on their estimation. Where the comparison identifies systematic deviation between experience and the best estimate calculations of insurance company, Ashdowns makes appropriate adjustments to the actuarial methods being used or the assumptions being made. The results of these comparisons are reported to the administrative, management or supervisory body, given their relevance for the comprehension of the calculations performed and to support future decisions regarding this issue.

These comparisons are a practice not only of the Actuarial Function but also of the Risk Management Function, and its area of application may be extended.

5. Informs the Board of the reliability and adequacy of the calculation of technical provisions

The Actuarial Function informs the Board of the reliability and adequacy of the calculation of technical provisions.

This is not limited to expressing an opinion on these technical provisions but includes the degree of uncertainty about the ultimate outcome and the circumstances that might lead to a significant deviation from the provisions made. The Actuarial Function also sets out how it arrived at its opinion and clearly states and explains any concerns it may have as to the technical provisions being sufficient.

The reliability of the calculation of the technical provisions depends on adequate and good quality data. Therefore, the assessment of the sufficiency and quality of the data used in the calculation is information that is included when the Board is informed of the reliability and adequacy of the calculation.

The Actuarial Function also assesses the level of appropriateness, accuracy and completeness of the available data and conveys recommendations on improving data quality, where appropriate. It may consider there is a need to introduce adjustments to the historical data, not because the data per se is considered inappropriate, but because it could be necessary to increase the level of its appropriateness for the purpose of the application of specific methodologies.

In this context the Actuarial Function would provide judgment as to how much credibility should be assigned to historical data and to prospective assumptions.

This judgment would be based on a careful analysis of the underlying liabilities, relevant market data, Ashdowns's experience, especially with the portfolio concerned, and relevant qualitative information.

Reporting on the reliability of the technical provisions also includes informing the Board on the results of comparisons of the best estimates against experience and comments on the appropriateness of methodologies, underlying models and assumptions used.

Since the Board is ultimately responsible for the reliable and adequate calculation of the technical provisions, the report covers all information the Board needs to form its own opinion on the issue.

In the scope of the coordination of the calculation of technical provisions, the Actuarial Function oversees when a case-by-case approach should be followed, that is, when there is not sufficient quality of data to apply a reliable actuarial method. Also, it produces judgment to establish assumptions and to safeguard the accuracy of the results.

6. Contributes to the effective implementation of the Risk Management System, in particular with respect to the risk modelling underlying the calculation of the capital requirements and providing adequate input in the ORSA process and SCR calculation

The Actuarial Function contributes to the effective implementation of the Risk Management System, in particular with respect to the risk modelling underlying the calculation of the capital requirements.

Actuarial methods are applied that call for a detailed understanding of statistical methods and the probabilities of insurance risks, such as claims frequencies and severities, understanding and assessing the use of risk mitigation techniques and understanding volatility and adverse deviation.

An effective Risk Management System uses input from the Actuarial Function (e.g. in the quantification and modelling of risks). This is not limited to a contribution to the ORSA but includes also an involvement in asset-liability management, and risk mitigation arrangements for example.

B.7 Outsourcing Policy and Principles

Ashdowns has an Outsourcing Policy whose objectives and high level principles are;

- that the risks associated with outsourcing are appropriately managed and that Ashdowns has adequate measures in place to identify, measure, monitor, manage and report these risks in a timely manner as part of the Company's overall risk management system;
- that outsourced service providers will have the appropriate expertise and experience and resources to undertake the outsourced activities to the standards required by Ashdowns;
- that there is no reduction in the Board of Directors' ("the Board"), and where applicable a relevant sub committee's responsibility for, or influence over, key functions of ASHDOWNS as a result of outsourcing;
- that there is no material impairment of the quality of Ashdowns's System of Governance as a result of outsourcing a key activity or function;
- that Ashdowns's approved policies and procedures are adhered to by the outsourced service provider;
- that there is no material impairment of Asdowns's ability to fulfil its obligations to stakeholders, nor impede effective supervision by regulators as a result of outsourcing a key activity or function;
- that no material conflicts of interest result from outsourcing a key function or activity;
- that all outsourcing arrangements are supported by appropriately detailed written agreements

Roles and Responsibilities

The Board is responsible for the approval, application and review of this Outsourcing Policy.

The Board is ultimately responsible for the approval of and termination of all outsourcing arrangements of critical or important functions and activities.

The Board may delegate the on-going monitoring and supervision of outsourcing arrangements to a subcommittee of the Board.

The Risk Management Function is responsible for assessing the risks associated with the outsourcing of critical or important functions or activities as part of its overall remit to identify, assess, manage, monitor and report the risks of Ashdowns on an ongoing basis.

Outsourcing Approach

All functions and activities of Ashdowns are eligible to be outsourced provided that the outsourcing objectives are achieved in each instance. A service provider may be an entity from within NSG Group (Internal Outsourcing).

Sub-outsourcing is allowable on the condition that the sub-outsourced service provider satisfies the Service Level Agreements ("SLA") objectives and subject to approval from the Board.

All outsourcing relationships must be governed by written contracts in accordance with the criteria outlined the SLA objectives.

Critical/Important Functions and Activities

Critical or important functions or activities include key functions of Ashdowns's System of Governance and all functions and activities within the Company that are fundamental to carry out its core business.

The Board must decide whether arrangements with third parties are deemed to fall within the scope of this Outsourcing Policy. The provision of services which do not form part Ashdowns's core activities need not be included within the scope of this policy. The key/critical functions of Ashdowns are the Compliance, Risk Management, Actuarial and Internal Audit.

The Board ensures prior to appointment of a service provider that the service provider has checked the fitness and propriety of all persons working on the function or performing the activity.

Adherence to Ashdowns policies

The Board ensures that the outsourced service provider adheres to Ashdowns's policies and that the effectiveness of Ashdowns's system of governance is not lessened or compromised by the outsourcing arrangements.

Outsourcing review procedures

The Board reviews the performance of service providers acting in an outsource capacity on a periodic basis. The results of the review process with results communicated to the Board for consideration.

Outsourcing Risk

Outsourcing risk is monitored by the RMF periodically in line with Ashdowns's overall risk management arrangements and procedures, and is present in the Ashdowns's Risk Appetite and Risk Register.

Service Level Agreements (SLA)

All outsourcing arrangements contain a written, legally binding SLA. The SLA must document all components of the outsourcing arrangement between the parties.

The RMF reports to the Board on the assessment of the risks associated with the outsourcing of the various functions as part of the overall risk monitoring and reporting arrangements of Ashdowns as part of the ORSA.

B.8 Any Other Information

Remuneration of members of the management body

The three Directors representing the shareholder are directly employed by NSG Group. Details of the amounts remunerated to directors can be found in Note 16 to the Audited Financial Statements of Ashdowns.

Section C: Risk Profile

Ashdowns operates a business model that is supported by a robust risk management framework that ensures risks are well understood and controlled. This is facilitated by systematic quantification of all risks and a culture that promotes the importance of risk management.

Integral to this is a thorough understanding and articulation of Ashdowns's risk exposures. Determining the prevailing risk landscape within Ashdowns allows Management, the Risk Function and the Board to assess the appetite for each emerging risk and to ensure that all are quantifiable and managed consistently with our appetite to risk.

An overview of the key risks associated with the business including an outline of how they are managed is provided below.

C.1 Underwriting Risk

Underwriting risk is defined as the risk under any one insurance contract which is assessed as the probability that an insured event occurs and the resulting residual impact on Ashdowns. By the very nature of an insurance contract, underwriting risk is fortuitous.

The terms and conditions of the contract set out the bases for the determination Ashdowns's liability should the insured event occur. The risks underwritten are of an indemnity and benefit nature.

Reserving risk refers to the risk of loss or of adverse change in the value of insurance liabilities due to inadequate reserving assumptions. This mainly concerns the risk of loss from inadequate reserving to cover reported and/or expected claims.

The Board wants to hold sufficient reserves to meet all future claim payments. At least once a year the technical provisions will be recalculated to check the adequacy of the Company's reserves. For claims notified to the Company specific reserves are determined by professional loss adjusters or persons with suitable and relevant experience based on the individual circumstances of each claims file.

IBNR reserves are calculated on at least an annual basis and are adjusted in relation to the actual claims experience. The key metric for the reserve risk is the amount of technical provisions booked in the Company's accounts.

The value of the reserve risk metric will be reported to the Board at each Board meeting. A breach of the risk appetite tolerance limit or this policy will be reported to the Board as soon as possible following a breach of the risk appetite tolerance level or policy, details of corrective measures and their related implementation plan will be submitted to the Board for approval.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk and geographical location.

During the ORSA process, Ashdowns performs stress and scenario analysis, which includes any underwriting risk sensitivities. Ashdowns maintained a solvency ratio above 100% for the planning period during these analyses undertaken in 2020.

C.2. Market Risk

Market risk is split into two main categories:

Liquidity Risk

Ashdowns is exposed to Liquidity risk, defined as the inability to access funds when liabilities fall due as a result of nature of investments, failure to efficiently and effectively administer and manage cash flows, inability to access funds in current account due to an unforeseen event at Bank / Credit Institution and liquidity difficulties due to insufficient capital as a result of business performance / regulatory changes.

Ashdowns operates different bank accounts together with a loan back to group entity, which is repayable on demand. Ashdowns assesses its liquidity risk on an ongoing basis, including through its ORSA and is satisfied with its liquidity position. Ashdowns has also stressed liquidity risk as part of its ORSA and has found Ashdowns is able to withstand deterioration in reserves and impairment of assets.

The following policies and procedures are in place to mitigate Ashdowns's exposure to liquidity risk:

- A Company investment policy setting out the assessment and determination of what constitutes liquidity risk for Ashdowns. Compliance with the policy is monitored and exposures and breaches are reported to Ashdowns Board of Directors. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- Set guidelines on asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding available to meet insurance and investment contracts obligations.

During the year ended 31 March 2021 Ashdowns was not exposed to significant liquidity risk (2020: insignificant).

Asset Liability Management ("ALM")

ALM risk is defined as a change in exchange rates reduce the balance sheet value of investments, creating exchange losses in non-GBP claims payments and other exchange losses, a change in interest rates reduces investment returns received or a mismatch between assets and liabilities.

The Company's exposures are in GBP and it is therefore not exposed to currency risk.

Timing risk is mitigated through having short term investments, being cash held with credit institutions and the loan back to group repayable on demand.

The short term nature of investments ensures that funds are readily available for Ashdowns to pay out claims, ensuring the prudent person principle is maintained. The loan back to group also allows for an adequate return to investments.

C.3 Credit Risk

Credit risk is the risk of decreases in value when counterparties are not capable of fulfilling their obligations or when a change in their credit status takes place. Key areas where Ashdowns is exposed to credit risk are:

- Cash and cash equivalents
- Loans to group companies
- Default of outwards reinsurance providers

Ashdowns places limits on the level of credit risk undertaken from the main categories of financial instruments. These limits also take due consideration of the solvency restrictions imposed by the relevant Regulations. The investment strategy, Ashdowns considers the credit standing of the counterparty and control structures are in place to assess and monitor these risk thresholds.

Ashdowns structures the levels of credit risk it accepts by limiting as far as possible its exposure to a single counterparty or groups of counterparties, except for exposures with related group companies. Ashdowns has in place internal control structures to assess and monitor credit exposures and risk thresholds.

Ashdowns's cash is placed with quality financial institutions, thereby reducing the concentration of counterparty credit risk to an acceptable level.

Credit exposure

Information on Ashdowns's credit risk exposures can be found in Note 7.1 in the Audited Financial Statements of Ashdowns.

Impaired financial assets

For assets to be classified as ‘past-due and impaired’ contractual payments must be in arrears for more than 90 days. At 31 March 2021 none of Ashdowns’s assets are impaired (2020: NIL).

C.3.1 Counterparty Default Risk

Ashdowns is exposed to Counterparty default risk through Credit or other institutions which hold Ashdowns’s funds. The underlying risk is that these default, creating financial damage to balance sheet, solvency and liquidity

Ashdowns uses highly reputable and highly rated credit counterparties to mitigate the counterparty default risk.

C.4 Liquidity Risk

Information on Liquidity has been provided under section C.2

C.5 Operational Risk

Ashdowns is exposed to operational risk through its operational outsourcing relationships, regulatory or legal environments and external events that affect the operation of Ashdowns.

Regulatory and Legal risk

The inadequate compliance with laws, acts, regulations and supervisory requirements would result in potential compliance breach, reputational damage and sanctions. The operations of the Company are closely monitored on a regular basis.

Operational Outsourcing risk

The risk that Ashdowns is adversely affected because its outsourced service providers that do not meet their service level agreements. Ashdowns outsources its functions to a number of outsource provider that are themselves either regulated or required to follow certain standards, thereby ensuring stability and continuity whilst ensuring adequate skillset. In addition on an annual basis, Ashdowns conducts an assessment of the outsourced service providers.

External risk

The risk that an external event affects the operations of one, or more, of its outsourced providers.

The Board recognises the importance of having reliable business continuity plans in place that ensures the continued operation of Ashdowns with minimum disruption to the business following an unexpected incident. Ashdowns has outsourced the provision of its key functions to third party service providers. As the business is in run-off, it has a reduced exposure to operational risk through loss of business written.

On an annual basis the Compliance Officer requests written confirmation from all its outsourced service providers of the existence of its business continuity plan, that it has been tested and the results of the tests.

C.6 Other material risks

The Company is not exposed to any other material risks.

C.7 Any Other Information

Strategic Risk

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

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

- Review at least annually the appropriateness of the high level overall objectives for the Company; the major risks facing the Company; the Risk Appetite for each of these major risks identified.

- Ensure the Company Strategy is implemented correctly including approval, review and, monitoring of agreed Key Performance Indicators for the Company.

- Ensure all plans are regularly reviewed to ensure that Risk Tolerances are not exceeded individually or in total.

Emerging Risks

Ashdowns is operating in an always-changing environment, which makes it challenging to anticipate all the risks the Company could face. The Board have decided to allocate capital to Emerging Risks to counter the “unknown unknowns”.

The Risk Management Function provides assistance to the Board in the identification and assessment of new and emerging risks. This is done together with the Risk Register review and whenever the need arises, such as a new risk emerges which may impact Ashdowns.

Anticipated Changes over the Business Planning period

The Board of Directors are ensuring the ordinary run-off of business until further strategic decisions are taken by the shareholders. There are no changes foreseen to the risk profile of the Company over the planning period.

Section D: Valuation for Solvency Purposes

Assets and liabilities under Solvency II are valued in accordance to the Solvency II Directive. “The primary objective of valuation as set out in Article 75 of Directive 2009/138/EC requires an economic, market-consistent approach to the valuation of assets and liabilities. According to the risk-based approach of Solvency II, when valuing balance sheet items on an economic basis, undertakings need to consider the risks that arise from a particular balance sheet item, using assumptions that market participants would use in valuing the asset or the liability.”

The values of the assets and liabilities in the Audited Financial Statements, have been prepared in compliance with UK GAAP accounting standards (GAAP),

have been used with some adjustments as outlined in the following sections. These adjustments are in line with the recommendations in the Technical Specifications.

D.1 Assets

The following table shows a comparison of asset figures under both Solvency II and IFRS for Ashdowns . A description on the valuation techniques utilised are described below which are consistent for Ashdowns.

Company			
Assets	**SII**	**GAAP**	**Difference**
	GBP	**GBP**	**GBP**
Investments	9,000,000	9,000,000	-
Loans and mortgages	17,411,953	17,411,953	-
Cash and cash equivalents	100,000	100,000	-
Any Other Assets, Not Elsewhere Shown	118,498	118,498	-
Total Assets	**26,630,452**	**26,630,452**	**-**

Deferred tax assets

No deferred tax asset has been recognised. Taxable losses are surrendered to group entities in line with tax group relief provisions .

Loans and mortgages

Loans and mortgages were valued in accordance with Article 8 of the Regulations. These were valued using the cost approach. This is consistent with the valuation approach under GAAP, with the exception that accrued interest is shown as a separate line item under GAAP.

These assets were stressed under the interest rate, spread and concentration risk modules under market risk.

Cash and cash equivalents

Cash and cash equivalents were valued using the market price of the asset in accordance with Article 8 of the Regulation and is consistent with the valuation approach under GAAP. These have been stressed under the counterparty default risk module. Cash at bank also includes exposures in foreign currencies which are stressed under the currency risk module within market risk.

Loss absorbing capacity of deferred tax assets under Solvency II

The value of the SCR may be reduced to allow for the loss absorbing capacity of deferred tax assets ("LACDT"). No LACDT has been recognised for March 2021 since it is unlikely that future taxable profits will be made to utilise the LACDT.

D.2 Technical Provisions

The calculation of Technical Provisions under Solvency II is a major change from IFRS and includes changes to the calculation of and provisions for claims outstanding and provisions for premiums. It also introduces the calculation of a Risk Margin which is not considered under GAAP.

Provisions are calculated as ‘best estimate’ meaning that they are neither under nor over-estimated, and are also calculated on a discounted cash flow basis, which takes account of the time value of money. It is also required to incorporate a provision for the expenses that would be incurred in running off the business.

Valuation results

The valuation was carried out together for each line of business. Under Solvency II, the balance sheet is required to be valued on a “best estimate” discounted cash flow basis. This leads to differences in claims provision between GAAP and Solvency II.

The table below sets out the results of the Technical provision under both GAAP and Solvency II basis. The Company’s best estimate is solely in respect of Claims Provision. All technical provisions are in respect of General Liability written.

2021

Gross and Net Technical Provisions	SII	GAAP	Difference
	GBP	GBP	GBP
Technical provisions - non-life (excluding health)	**8,880,237**	**4,341,514**	**4,538,723**
Best Estimate	7,577,493		
Risk margin	1,302,745		
Total Gross Technical Provisions	**8,880,237**	**4,341,514**	**4,538,723**

2020

Gross Technical Provisions	SII	GAAP	Difference
	GBP	GBP	GBP
Technical provisions - non-life (excluding health)	**9,961,448**	**4,579,819**	**5,381,629**
Best Estimate	8,384,800		
Risk margin	1,576,648		
Total Gross Technical Provisions	**9,961,448**	**4,579,819**	**5,381,629**

The Solvency II Directive regulation requires the inclusion of "run-off" expenses to be incorporated into the Solvency II calculation. This has been added to the net technical provisions for the Company.

Claim Provision

Outstanding claims are projected in line with assumed settlement patterns and discounted using current yield curves to today's value. For SII we must also strip out any margin for uncertainty between the GAAP accounts and the best estimate claims reserve. The best estimate claims reserve is based on the Reserve Review for Ashdowns (based on data as at 31st December 2020) performed by BWCI in March 2021.

As can be seen in the table below, there is a difference between the GAAP and SII provisions, primarily due to adjusting for best estimate basis for SII due to claims provision being reserved at 75% of the best estimate in the Management Accounts and due to allocation of run-off expenses. The expenses are relatively large because of the long-tailed run-off pattern of the liabilities (approximately 30 years).

Technical Provisions as at 31/03/2021 - Expired Risk			
Gross claims outstanding		**GAAP**	**Solvency II**
Outstanding claims		4,341,514	
SII Adj	Adjustment to Best Estimate		1,473,486
	Run-off expenses allocated		2,344,581
	Discount Factor		-582,088
Claims Provision under Solvency II			**7,577,493**

Asbestos Related Disease Claims

The Company's actuaries have determined the total loss reserve by projecting the expected total claim amounts payable in each future year, allowing for inflation. Our annual amount for financial year 2018/19 has been estimated from Ashdowns' experience. The assumed future claims emergence pattern has been based on general industry experience. The IBNR reserve has been determined as the difference between the total loss reserve and the outstanding claims reserve. In effect the Company's actuaries have assumed that reported outstanding claims will form part of the claims projected for the total loss reserve.

Non-Asbestos Related Disease Claims

Non-asbestos related disease claims include Noise Induced Hearing Loss (“NIHL”), Vibration White Finger (“VWF”)/Hand Arm Vibration Syndrome (“HAVS”) and other. The total loss reserve has been determined using the same approach adopted for asbestos related disease claims above modified to reflect the differences in the nature of the relevant diseases. In particular there has been consideration of the annual amount of claims for 2018/19 and the period over which claims may emerge. For NIHL, the IBNR reserve has been determined as the difference between the total loss reserve and the outstanding claims reserve. In effect the Company’s actuaries have assumed that reported outstanding claims will form part of the claims projected for the total loss reserve. For VWF/HAVS and other claims the Company’s actuaries have projected relatively few future claims. In these cases we have added the current outstanding claims reserve to the projections to provide the total loss reserve.

Range of Possible Outcomes

Due to the significant volatility in past claims experience and the uncertainty associated with the future emergence of claims, the Company’s actuaries have taken a pragmatic approach to illustrating the range of possible outcomes. The IBNR setting for diseases exposures contains significant uncertainty. IBNR accounts for development (positive or negative) in the current incurred position arising from both the reporting of new claims and the revision in case estimates for existing claims. Ashdowns’ reserving actuaries have provided an IBNR range, which seeks to allow for the uncertainty inherent in actuarial modelling including, but not limited to, random error, model error and parameter error. For all types of industrial related disease claims there is an assumed 50% increase or decrease in the total loss reserve. This illustrates a reasonable range of best estimate.

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

Key Assumptions

Outstanding claims are projected in line with assumed settlement patterns and discounted using current yield curves to today’s value. Under GAAP, the Company does not reserve at the best estimate reserves. Additional reserves are included in the SII balance sheet of Ashdowns in order to reserve at the best estimate.

The difference between GAAP and SII valuation is due to the following reasons:

- an actuarial analysis was carried out at 31 March 2021 (based on data as at 31 December 2020) . While the values used for SII are the best estimate, the GAAP valuation is taken at a point between the low estimate and the best estimate,

- addition of run-off expenses for claims,

Current yields are very low and close to zero, which means that the impact of discounting is more limited relative to the size of the technical provisions.

The settlement patterns above are based on the Review for Ashdowns performed by BWCI in March 2021. The claims development paterns have been calculated using future benefits cashflows and are key to determining the level of expenses that are run off in line with the claims and premium provisions and are shown on the table below.

Claims Settlement Pattern	
Year	% of Total Payment
1	11%
2	10%
3	10%
4	9%
5	8%
6	8%
7	7%
8	6%
9	6%
10	5%
11	4%
12	3%
13	2%
14	1%
15	1%
16	1%
17	1%
18	1%
19	1%
20	4%

Premium Provision

Due to the captive being in run-off and no new business being written, there is no premium provision under both GAAP and Solvency II.

Risk Margin

A significant difference in calculating SII technical provisions is that it also requires the inclusion of a risk margin in the best estimate liabilities. This is a function of the SCR and is calculated to be £1.30m.

Whilst liabilities under SII are measured at best estimate, these are inherently uncertain, and the Risk Margin provides a buffer to ensure liabilities are valued at fair value. It can also be described as the amount that an external party would require above the best estimate liabilities to take over and meet the obligations.

It is calculated by determining the cost of providing an amount of capital equal to the SCR necessary to support the obligations over their lifetime.

The calculation involves approximating the SCR for each future year and then valuing the risk margin on a discounted cashflow basis.

A 6% Cost of Capital rate is assumed to determine the cost of providing the funds as defined in SII.

Uncertainties in the value of Technical Provisions

The key assumptions that may impact the Technical Provisions are detailed below along with our comments regarding the materiality of these assumptions.

- **Settlement period**: All lines of business are currently in run-off, but the liabilities are expected to have a very long run off period, with settlements continuing for approx. 30 years.

- **Discount rate:** Current yields are very low and close to zero, which means that the impact of discounting is more limited relative to the size of the technical provisions.

- **Expenses:** The total expense involved in the operation of the captive. Due to the long run-off period, any change in the above-mentioned assumptions, would lead to a material change to the technical provisions

Due to the long run-off period, any change in the above-mentioned assumptions, would lead to a material change to the technical provisions.

Matching Adjustments, Volatility Adjustments and Transitional Measures

The Company has no matching adjustments, volatility adjustments or transitional measures as at the reporting period.

D.3 Other Liabilities

Financial liabilities are recognised when Ashdowns becomes a party to the contractual provisions of the instrument. Financial liabilities are classified according to the substance of the contractual arrangement entered into.

All financial liabilities are initially measured at transaction price.

Company			
Other Liabilities	**SII**	**GAAP**	**Difference**
	GBP	**GBP**	**GBP**
Payables (trade, not insurance)	55,216	55,216	-
Any other liabilities, not elsewhere shown	23,500	23,500	-
Total Other Liabilities	**78,716**	**78,716**	**-**

All other liabilities have been valued using the cost approach as this approximates the fair value of the liabilities. This is in accordance with Article 8 of the Regulation and is consistent with the value approach taken under IFRS.

D.4 Alternative valuation methods

No alternative valuation methods have been utilised by Ashdowns.

D.5 Any other Information

Data Quality

Given that Ashdowns utilises the Solvency II Standard Formula, the integrity of the model is validated by the Actuarial Function. All data pertaining to the calculations is managed, monitored and controlled by the Insurance Manager in conjunction with the Actuarial Function. There are no data deficiencies noted in the calculation and valuation of Technical provisions for Solvency II purposes.

Section E: Capital Management

E. 1 Own Funds

Quality of Capital

The Company aims to ensure that its ‘own funds’ consists of the appropriate mix of ‘tier 1’, ‘tier 2’ and ‘tier 3’ (including ancillary own funds) capital. However as far as possible the Company will aim to have tier 1 capital. The Company’s own funds shall take the form of;

a. Ordinary Share Capital
b. Retained Earnings
c. Capital injections from Group
d. Shareholders contribution
e. Unpaid and uncalled Share Capital
f. Any other capital admissible under the above insurance rules

The Company utilised a 5 year planning period up till March 2025.

The following table analysis the movement of Capital between Tiers between 2020 and 2021:

Company

	Tier 1		Total Own Funds		Movement
	2021	2020	2021	2020	
	GBP	GBP	GBP	GBP	GBP
Ordinary share capital	250,000	250,000	250,000	250,000	-
Reconciliation reserve	17,421,498	16,597,445	17,421,498	16,597,445	824,053
Total Own Funds	**17,671,498**	**16,847,445**	**17,671,498**	**16,847,445**	**824,053**

Total own funds are utilised to cover the SCR for both the Company . Only Tier 1 Capital is utilised to cover the MCR for both the Company.

Tier 1 Capital

Tier 1 Capital is made up of paid-in ordinary share capital and reconciliation reserve. This is of the highest quality, unsubordinated and permanent. The paid-in ordinary share capital amounted to £ 250,000 in 2021, which has remained the same from 2020.

The reconciliation reserve is made up of the following:

Company		
Reconciliation Reserve		
	2021	**2020**
	GBP	**GBP**
Solvency II Excess of Assets over Liabilities	17,671,498	16,847,445
Other Basic Own Funds Items	250,000	250,000
Reconciliation reserves	**17,421,498**	**16,597,445**

The reconciliation reserve increased by £ 824,053 for Ashdowns. This was due to a reduction in the overall Technical Provisions which results from Ashdowns operations of running off its claims.

As the Company is in run-off, volatility within the reconciliation reserve may arise in cases where the Company is required to revisit its best estimate calculations. The risk is managed through its asset liability management policy.

The following table provides a reconciliation between the Solvency II Own Funds and the Total Equity as per GAAP:

Reconciliation of Own Funds to Equity in the GAAP Balance Sheet		
	2021	**2020**
	GBP	**GBP**
Solvency II Excess of Assets over Liabilities	17,671,498	16,847,445
Items not recognised under GAAP:		
Risk margin	1,302,745	1,576,648
Changes in valuation due to Best estimate:		
Non Life (excluding Health)	3,235,979	3,804,894
Total Equity as per GAAP	**22,210,222**	**22,228,987**

The difference between the Company's equity as shown in its audited financial statements and the excess of assets over liabilities as calculated for solvency purposes is:

- the difference between the technical provisions calculated in accordance with the Solvency II requirements and GAAP

Capital Management

The Company's capital is managed to ensure that all regulatory requirements in relation to capital levels maintained are satisfied. To achieve this objective the following capital requirements are adhered to;

- The Solvency Capital Requirement (SCR) calculation
- The Minimum Capital Requirements (MCR) calculation

The Board ensures that the higher of these two capital requirement assessments shall be maintained. Secondary to fulfilling the Company's regulatory requirements as described above, the Board aim to maximize the employment of capital, subject to the conditions imposed by the Company's investment policy.

The Board formally reviews the utilization of the Company's capital and the overall effectiveness of its capital management policy at least annually.

There are no additional solvency ratios to the ones included in template S.23.01 (i.e. SCR and MCR) to be disclosed by the Company.

Capital Shortfalls

The Board is confident that in the event of a capital shortfall that NSG Group , in response to a justified request for a capital injection, will take the necessary action to ensure that the Company's regulatory capital requirements are met.

In the unforeseen event that the Company faces insufficient levels of Capital to meet its regulatory requirements, the Board shall investigate alternative measures to realign the business plan with its capital base. These measures shall include de risking, amendments to underwriting and risk retention strategy, amendment to pricing strategy and, if necessary, to request additional capital from the parent.

The Company has the following components of own funds as at 31st March 2021: Tier 1 basic own funds; ordinary share capital, and retained earnings.

The Company's ordinary shares have full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

No deductions are applied to own funds and there are no significant restrictions affecting their availability and transferability. The SCR was calculated using the standard formula.

E. 2 SCR and MCR

Solvency Capital Requirement Coverage

Company		
Solvency Position	**2021**	**2020**
	GBP	**GBP**
Company's Own Funds to cover the SCR	17,671,498	16,847,445
Solvency Capital Requirement	13,639,447	13,830,372
SCR Cover	**129.56%**	**121.81%**
Company's Own Funds to cover the MCR	17,671,498	16,847,445
Minimum Capital Requirement	3,409,862	3,457,593
MCR Cover	**518.25%**	**487.26%**

The Company use EIOPA's Solvency II Standard Formula. It does not use Company specific parameters. Simplified calculations are used in computing spread risk within the Market Risk Module in accordance with Article 104 of the regulations. Furthermore, they do not make use of any capital add-ons.

The MCR was calculated in accordance with the Commission Delegated Regulation. The Annual Reporting Template S.28.02, in annex to this document, shows the net best estimates and net written premiums for the year 2021 per line of business utilised in the calculation of the Linear MCR. The Company's MCR is calculated as being 25% of the SCR since this exceeds the Absolute Floor. The Absolute Floor is €3.7million, converted to GBP using the exchange rate of 0.90208. The reduction in MCR from 2020 to 2021 is directly proportionate to the decrease in SCR.

The SCR and MCR are calculated on the basis of the eligible own funds.

Solvency Capital Position

The table below sets out the Company's Pillar 1 capital position as at 31st March 2021

Basic SCR	2021	2020
	GBP	GBP
Market Risk	12,564,399	12,613,730
Counterparty Default Risk	6,707	18,829
Non-Life UW Risk	2,500,573	2,766,984
Diversification Benefit	(1,659,556)	(1,820,715)
	13,412,123	13,578,828

SCR	2021	2020
	GBP	GBP
Basic SCR	13,412,123	13,578,828
Operational Risk	227,325	251,544
LACDT	-	-
	13,639,447	13,830,372

Material movements in the SCR and MCR

The Company's Basic SCR has reduced by £166,705. The main change in the SCR is resulting from a decrease in the Non-Life Underwriting Risk Module. This is due to a decrease in the best estimate claims provision and risk margin since the previous financial year end.

Other changes to the SCR are not considered material.

The movement in MCR is solely due to changes in exchange rates between the calculation periods.

E. 3 Use of the duration-based equity risk sub-module in the calculation of the SCR

Duration-based equity risk sub-module is not used in the Company's SCR calculation.

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

The Company uses solely the standard formula for its solvency capital requirement calculation.

E. 5 Non Compliance with MCR and SCR during the period

On a calendar quarter basis, the Company recalculates its MCR and Own Funds under Solvency II. The Company recalculates its SCR on an annual basis or when there is a material change to its risk profile. The Company was compliant at all times with the MCR and SCR requirements during the reporting period. Furthermore, the Company prepared a ORSA report during 2021 which showed that the Company expects to meet its capital requirements over its planning period.

E. 6 Any Other Information

Results of the ORSA Process

The Board assessed the Own funds of the Company and compared these to the ORSA Own Solvency Needs and the SCR Requirements. The Company was found to be solvent, having enough funds to cover for both the ORSA Own Solvency Needs and the SCR under numerous stress scenarios and over its business planning horizon of 2 years.

Annex I: ASHDOWNS QRTs

Ashdowns Limited

Solvency and Financial Condition Report

Disclosures

31 March

2021

(Monetary amounts in GBP thousands)

General information

Undertaking name	Ashdowns Limited
Undertaking identification code	202021
Type of code of undertaking	Specific code
Type of undertaking	Non-life undertakings
Country of authorisation	GB
Language of reporting	en
Reporting reference date	31 March 2021
Currency used for reporting	GBP
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

S.02.01.02 - Balance sheet
S.05.01.02 - Premiums, claims and expenses by line of business
S.05.02.01 - Premiums, claims and expenses by country
S.17.01.02 - Non-Life Technical Provisions
S.19.01.21 - Non-Life insurance claims
S.23.01.01 - Own Funds
S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	0
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	9,000
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	0
R0120	*Equities - unlisted*	0
R0130	*Bonds*	0
R0140	*Government Bonds*	0
R0150	*Corporate Bonds*	0
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	0
R0190	*Derivatives*	0
R0200	*Deposits other than cash equivalents*	9,000
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	17,412
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	0
R0260	*Other loans and mortgages*	17,412
R0270	Reinsurance recoverables from:	0
R0280	*Non-life and health similar to non-life*	0
R0290	*Non-life excluding health*	0
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	
R0330	*Life excluding health and index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	0
R0370	Reinsurance receivables	0
R0380	Receivables (trade, not insurance)	0
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	100
R0420	Any other assets, not elsewhere shown	118
R0500	**Total assets**	26,630

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	8,880
R0520	*Technical provisions - non-life (excluding health)*	8,880
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	7,577
R0550	*Risk margin*	1,303
R0560	*Technical provisions - health (similar to non-life)*	0
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	0
R0590	*Risk margin*	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	
R0630	*Best Estimate*	
R0640	*Risk margin*	
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	
R0680	*Risk margin*	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	0
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	0
R0790	Derivatives	0
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	0
R0830	Reinsurance payables	0
R0840	Payables (trade, not insurance)	55
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	0
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	24
R0900	**Total liabilities**	8,959
R1000	**Excess of assets over liabilities**	17,671

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business								0									0
R0120	Gross - Proportional reinsurance accepted																	0
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share								0									0
R0200	Net								0									0
	Premiums earned																	
R0210	Gross - Direct Business								0									0
R0220	Gross - Proportional reinsurance accepted																	0
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share								0									0
R0300	Net								0									0
	Claims incurred																	
R0310	Gross - Direct Business								0									0
R0320	Gross - Proportional reinsurance accepted																	0
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share																	0
R0400	Net								0									0
	Changes in other technical provisions																	
R0410	Gross - Direct Business								0									0
R0420	Gross - Proportional reinsurance accepted																	0
R0430	Gross - Non-proportional reinsurance accepted																	0
R0440	Reinsurers' share																	0
R0500	Net								0									0
R0550	**Expenses incurred**								0									0
R1200	**Other expenses**																	
R1300	**Total expenses**																	0

S.05.02.01

Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010								
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	0						0
R0120	Gross - Proportional reinsurance accepted							0
R0130	Gross - Non-proportional reinsurance accepted							0
R0140	Reinsurers' share							0
R0200	Net	0						0
	Premiums earned							
R0210	Gross - Direct Business	0						0
R0220	Gross - Proportional reinsurance accepted							0
R0230	Gross - Non-proportional reinsurance accepted							0
R0240	Reinsurers' share							0
R0300	Net	0						0
	Claims incurred							
R0310	Gross - Direct Business	0						0
R0320	Gross - Proportional reinsurance accepted							0
R0330	Gross - Non-proportional reinsurance accepted							0
R0340	Reinsurers' share							0
R0400	Net	0						0
	Changes in other technical provisions							
R0410	Gross - Direct Business	0						0
R0420	Gross - Proportional reinsurance accepted							0
R0430	Gross - Non-proportional reinsurance accepted							0
R0440	Reinsurers' share							0
R0500	Net	0						0
R0550	**Expenses incurred**	0						0
R1200	**Other expenses**							
R1300	**Total expenses**							0

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**																	0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole																	0
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross								0									0
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default								0									0
R0150	**Net Best Estimate of Premium Provisions**								0									0
	Claims provisions																	
R0160	Gross								7,577									7,577
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default								0									0
R0250	**Net Best Estimate of Claims Provisions**								7,577									7,577
R0260	**Total best estimate - gross**								7,577									7,577
R0270	**Total best estimate - net**								7,577									7,577
R0280	**Risk margin**								1,303									1,303
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole																	0
R0300	Best estimate																	0
R0310	Risk margin																	0
R0320	**Technical provisions - total**								8,880									8,880
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**								0									0
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**								8,880									8,880

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020 **Accident year / underwriting year** Accident Year

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

	Year	C0010 0	C0020 1	C0030 2	C0040 3	C0050 4	C0060 5	C0070 6	C0080 7	C0090 8	C0100 9	C0110 10 & +	C0170 In Current year	C0180 Sum of years (cumulative)
R0100	Prior											238	238	238
R0160	2012	0	0	0	0	0	0	0	0	0	0		0	0
R0170	2013	0	0	0	0	0	0	0	0	0			0	0
R0180	2014	0	0	0	0	0	0	0	0				0	0
R0190	2015	0	0	0	0	0	0	0					0	0
R0200	2016	0	0	0	0	0	0						0	0
R0210	2017	0	0	0	0	0							0	0
R0220	2018	0	0	0	0								0	0
R0230	2019	0	0	0									0	0
R0240	2020	0	0										0	0
R0250	2021	0											0	0
R0260												Total	238	238

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year	C0200 0	C0210 1	C0220 2	C0230 3	C0240 4	C0250 5	C0260 6	C0270 7	C0280 8	C0290 9	C0300 10 & +	C0360 Year end (discounted data)
R0100	Prior											8,160	7,577
R0160	2012	0	0	0	0	0	0	0	0	0	0		0
R0170	2013	0	0	0	0	0	0	0	0	0			0
R0180	2014	0	0	0	0	0	0	0	0				0
R0190	2015	0	0	0	0	0	0	0					0
R0200	2016	0	0	0	0	0	0						0
R0210	2017	0	0	0	0	0							0
R0220	2018	0	0	0	0								0
R0230	2019	0	0	0									0
R0240	2020	0	0										0
R0250	2021	0											0
R0260												Total	7,577

S.23.01.01

Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	**Total**	**Tier 1 unrestricted**	**Tier 1 restricted**	**Tier 2**	**Tier 3**
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	250	250		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	17,421	17,421			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0220	**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**	0				
R0230	**Deductions for participations in financial and credit institutions**	0				
R0290	**Total basic own funds after deductions**	17,671	17,671	0	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0			0	
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0			0	
R0320	Unpaid and uncalled preference shares callable on demand	0			0	0
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0			0	0
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0			0	
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0			0	0
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	0
R0390	Other ancillary own funds	0			0	0
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	17,671	17,671	0	0	0
R0510	Total available own funds to meet the MCR	17,671	17,671	0	0	
R0540	Total eligible own funds to meet the SCR	17,671	17,671	0	0	0
R0550	Total eligible own funds to meet the MCR	17,671	17,671	0	0	
R0580	**SCR**	13,639				
R0600	**MCR**	3,410				
R0620	**Ratio of Eligible own funds to SCR**	129.56%				
R0640	**Ratio of Eligible own funds to MCR**	518.25%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	17,671
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	0
R0730	Other basic own fund items	250
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	17,421
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	
R0790	**Total Expected profits included in future premiums (EPIFP)**	0

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	12,564		
R0020	Counterparty default risk	7		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	2,501		
R0060	Diversification	-1,660		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	13,412		

		C0100
	Calculation of Solvency Capital Requirement	
R0130	Operational risk	227
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	13,639
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	13,639
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

		C0109
	Approach to tax rate	
R0590	Approach based on average tax rate	0

	Calculation of loss absorbing capacity of deferred taxes	LAC DT
		C0130
R0640	LAC DT	
R0650	LAC DT justified by reversion of deferred tax liabilities	0
R0660	LAC DT justified by reference to probable future taxable economic profit	0
R0670	LAC DT justified by carry back, current year	0
R0680	LAC DT justified by carry back, future years	0
R0690	Maximum LAC DT	0

USP Key

For life underwriting risk:
1 - Increase in the amount of annuity benefits
9 - None

For health underwriting risk:
1 - Increase in the amount of annuity benefits
2 - Standard deviation for NSLT health premium risk
3 - Standard deviation for NSLT health gross premium risk
4 - Adjustment factor for non-proportional reinsurance
5 - Standard deviation for NSLT health reserve risk
9 - None

For non-life underwriting risk:
4 - Adjustment factor for non-proportional reinsurance
6 - Standard deviation for non-life premium risk
7 - Standard deviation for non-life gross premium risk
8 - Standard deviation for non-life reserve risk
9 - None

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
R0010	MCR_{NL} Result	780

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	
R0030	Income protection insurance and proportional reinsurance	0	
R0040	Workers' compensation insurance and proportional reinsurance	0	
R0050	Motor vehicle liability insurance and proportional reinsurance	0	
R0060	Other motor insurance and proportional reinsurance	0	
R0070	Marine, aviation and transport insurance and proportional reinsurance	0	
R0080	Fire and other damage to property insurance and proportional reinsurance	0	
R0090	General liability insurance and proportional reinsurance	7,577	0
R0100	Credit and suretyship insurance and proportional reinsurance	0	
R0110	Legal expenses insurance and proportional reinsurance	0	
R0120	Assistance and proportional reinsurance	0	
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	
R0140	Non-proportional health reinsurance	0	
R0150	Non-proportional casualty reinsurance	0	
R0160	Non-proportional marine, aviation and transport reinsurance	0	
R0170	Non-proportional property reinsurance	0	

	Linear formula component for life insurance and reinsurance obligations	C0040
R0200	MCR_{L} Result	0

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

	Overall MCR calculation	C0070
R0300	Linear MCR	780
R0310	SCR	13,639
R0320	MCR cap	6,138
R0330	MCR floor	3,410
R0340	Combined MCR	3,410
R0350	Absolute floor of the MCR	3,338
R0400	**Minimum Capital Requirement**	3,410