
Solvency and Financial Condition Report

Barclays Insurance (Dublin) DAC

and

Barclays Assurance (Dublin) DAC

For the financial year ended 31st October 2016

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Executive Summary

Business and Performance

Barclays Insurance (Dublin) Designated Activity Company (BIDDAC) and Barclays Assurance (Dublin) Designated Activity Company (BADDAC) (“The Company”) underwrite payment protection insurance and standalone income protection insurance (BIDDAC only). All premiums are received from contracts written in the Republic of Ireland to cover risks located in the United Kingdom.

The Company is closed to new business since 2012. The underwriting profit for the year ended 31st October 2016 is £6.8m (BIDDAC) and £3.9m (BADDAC).

The current strategy of the Company is to manage the existing book of business to ensure it runs off in a controlled manner. The Company aims to improve efficiency in all areas of its operations through cost control, and through motivating and retaining talented people who are committed to its goals. Customer satisfaction remains a top priority.

At the 31st October 2016 the Company’s ultimate parent company was Barclays PLC. On the 1st March 2017 the Company was sold to Monument Re Ltd.

System of Governance

The Company has established a system of governance which is appropriate to the Company’s business strategy and operations. There is clear delegation of responsibilities, reporting lines and allocation of functions through documented committee terms of reference and key function charters. The system of governance includes requirements relating to fitness and probity of persons responsible for key functions, remuneration practices and outsourcing activities. BIDDAC and BADDAC are effectively jointly managed as one company, with one Board and one organisational structure.

Risk Profile

The Company has established a risk management system that is proportionate to the nature, scale and complexity of the risks to which the Company is exposed. The system includes processes for the identification, assessment and reporting of all categories of risk. The risk management system includes the Own Risk and Solvency Assessment (ORSA) which assists the Board in determining whether there are adequate own funds to cover the material inherent risks in the Company over its business planning time period.

Valuation for Solvency Purposes

The Company’s balance sheet is not complex with the majority of assets held in cash deposits of very short durations. All assets and liabilities have been valued in accordance with Solvency II valuation principles and there is no material difference to the valuation principles used in the Company’s financial statements.

Capital Management

The structure of the Company's own funds is not complex and comprises of share capital and retained earnings. The capital management policy focuses on ensuring that there is sufficient capital at all times to meet the regulatory solvency requirements. The following table summarises the Company's own funds and solvency requirements at the 31st October 2016.

	BIDDAC	BADDAC
	£'000	£'000
Eligible Own funds to cover Regulatory Solvency Requirement	27,319	11,921
Regulatory Solvency Requirement	<u>13,988</u>	<u>3,329</u>
Excess Own Funds above Regulatory Solvency Requirement	<u>13,331</u>	<u>8,592</u>

The Regulatory Solvency Requirement for BIDDAC is the Solvency Capital Requirement (SCR). For BADDAC, it is the absolute monetary Minimum Capital Requirement (AMCR).

A. Business and Performance

A.1 Business Information

A.1 (a) Name and legal form of the undertaking

Barclays Insurance (Dublin) Designated Activity Company (BIDDAC) and Barclays Assurance (Dublin) Designated Activity Company (BADDAC) (“The Company”) were incorporated in the Republic of Ireland in 1997 as private companies limited by shares.

Historically, the Company provided Payment Protection or Creditor Insurance (“PPI”) to Barclays Bank customers in the United Kingdom on a freedom of services basis under EU law. During 2009 and 2010 the Company stopped selling PPI products and introduced a stand-alone Income Protection Product underwritten through BIDDAC but this product was also withdrawn from sale in 2012. The Company is now fully closed to new business.

The accounting year end date of the Company is 31st October and this report is for the statutory year ending 31st October 2016. Copies of the Company’s financial statements may be obtained from the Companies Registration Office Ireland (cro.ie). All figures in this report are denominated in GBP (£’000). The registered office of the Company is

Barclays Insurance (Dublin) DAC

Two Park Place
Hatch Street
Dublin 2
Republic of Ireland

Barclays Assurance (Dublin) DAC

Two Park Place
Hatch Street
Dublin 2
Republic of Ireland

A.1 (b) Name and contact details of supervisory authority responsible for financial supervision of the undertaking

Central Bank of Ireland
Insurance Supervision Division
Spencer Dock
North Wall Quay
Dublin 1
Republic of Ireland

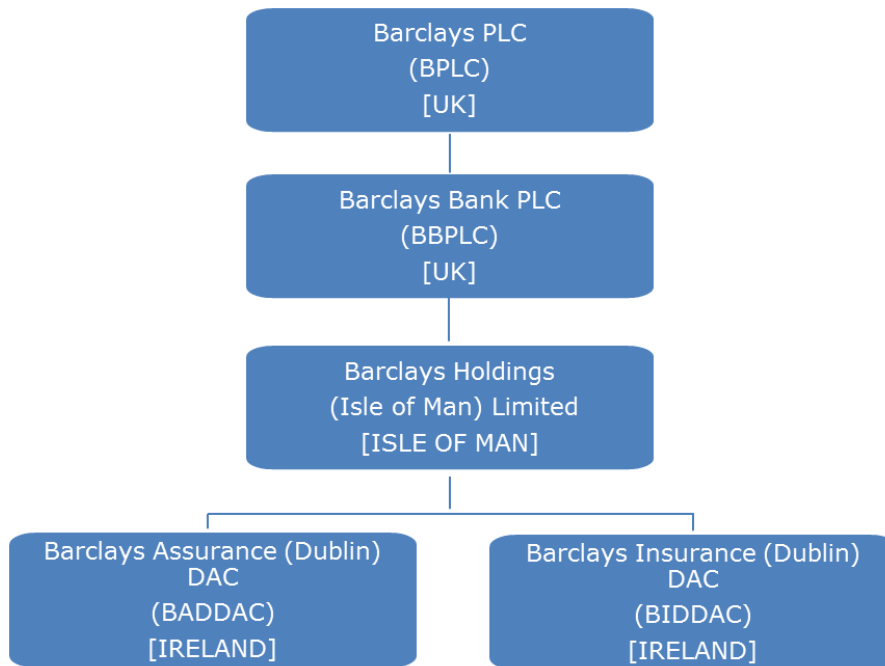
The Company was not part of an insurance group for supervisory reporting purposes as at 31st October 2016.

A.1 (c) Name and contact details of the external auditors of the undertaking

PricewaterhouseCoopers
One Spencer Dock
North Wall Quay
Dublin 1
Republic of Ireland

A.1 (d) (e) Holding company and position of the undertaking within the legal structure of the group

At the 31st October 2016, the Company’s immediate parent company is Barclays Holdings (Isle of Man) Ltd and its ultimate parent company is Barclays PLC. A simplified group structure for the Barclays Group is summarised below. The proportion of ownership is 100% in each case and the location of each company is included in brackets.



A.1 (f) Material lines of business of the undertaking

All premiums are received from contracts written in the Republic of Ireland, to cover risks located in the United Kingdom.

The following table summarises how the benefits provided under PPI and income protections policies are classified under Solvency II Line of Business.

	SII Line of Business	Benefits Provided under PPI and Income Protection Policies
BIDDAC	A: Non-Life Insurance Obligations 12: Miscellaneous Financial Loss	Involuntary Unemployment Carer Cover Purchase Protection
	D: Life Insurance Obligations 29: Health SLT ¹	Accident & Sickness Critical Illness Permanent & Total Disability
BADDAC	D: Life Insurance Obligations 32: Other Life Insurance	Life
	D: Life Insurance Obligations 29: Health SLT ¹	Accident & Sickness Critical Illness Permanent & Total Disability

¹ The Company writes critical illness and accident and sickness business which have exposure to biometric risks (disability and critical illness). Claims are projected by applying claims frequency and recovery rates to sums assured, an approach that is more akin to life assurance methods than non-life insurance methods, which often use loss ratios. These risks are classified as “Health SLT” under Solvency II (SLT being an abbreviation of “similar to life techniques”).

A.1 (g) Significant business or other events which have occurred over the reporting period

In June 2016, British citizens voted for a British exit (“Brexit”) from the EU. It is unclear as to whether the freedom-of-services basis will continue following Brexit as the timing and terms of withdrawal have yet to be agreed.

A.2 Underwriting Performance

The following table shows the balance on the technical account (underwriting performance) as reported in the Company’s financial statements for the statutory year ended 31st October 2016 (“the reporting period”), both on an aggregate level and by Solvency II line of business.

The underwriting profit for the reporting year is £6.8m for BIDDAC and £3.9m for BADDAC. This is the first year that the Company has prepared Solvency II returns and therefore there are no comparative numbers by Solvency II line of business for the prior period.

	BIDDAC 2016 Misc FL (2) £'000	BIDDAC 2016 Health SLT £'000	BIDDAC 2016 Total £'000	BADDAC 2016 Health SLT £'000	BADDAC 2016 Life £'000	BADDAC 2016 Total £'000
Net Written Premium	18,052	15,722	33,774	(8)	13,114	13,106
Net Earned Premium	18,379	15,774	34,153	207	13,257	13,464
Net Claims Incurred	(4,019)	(5,386)	(9,405)	439	(987)	(548)
Net Change in OTP (1)	0	0	0	116	39	155
Total Operating Expenses	(10,262)	(7,813)	(18,075)	(463)	(8,651)	(9,114)
Investment Return	49	43	92	0	19	19
Underwriting Profit	4,147	2,618	6,765	299	3,677	3,976

(1) Net Change in Other Technical Provisions has been abbreviated to Net Change in OTP

(2) Solvency II Line of Business Miscellaneous financial loss has been abbreviated to Misc FL

The following table shows a comparison of the underwriting profit to the prior year at an aggregate level.

	BIDDAC 2016 Total £'000	BIDDAC 2015 Total £'000	BADDAC 2016 Total £'000	BADDAC 2015 Total £'000
Net Written Premium	33,774	41,788	13,106	16,012
Net Earned Premium	34,153	42,471	13,464	16,992
Net Claims Incurred	(9,405)	(11,425)	(548)	(17)
Net Change in OTP	0	0	155	279
Total Operating Expenses	(18,075)	(22,079)	(9,114)	(10,937)
Investment Return	92	78	19	25
Underwriting Profit	6,765	9,045	3,976	6,342

A.3 Investment Performance

A.3 (a) Income and expenses

The following table summarises the investment performance of the Company for the reporting period.

	BIDDAC 2016 £'000	BIDDAC 2015 £'000	BADDAC 2016 £'000	BADDAC 2015 £'000
Investment Income by asset class:				
Cash deposits	164	152	44	61
Collective investment undertakings	34	23	11	9
Total Investment Income Earned	<u>198</u>	<u>175</u>	<u>55</u>	<u>70</u>
Investment Management Expenses	(73)	(50)	(35)	(33)
Net Interest Earned	<u>125</u>	<u>125</u>	<u>20</u>	<u>37</u>
Average Interest Rate	0.31%	0.33%	0.31%	0.33%

A.3 (b) Gains and losses recognised directly in equity

Not applicable.

A.3 (c) Investments in securitisation

Not applicable.

A.4 Other income and expenses

At the reporting date the Company was a contributor to the Barclays Bank Irish Retirement and Life Assurance Plan, which is a funded defined benefit scheme. Further details on this scheme can be found in section D.3 (a) and D.5 of this report. The Company reported an actuarial loss on this pension scheme of £0.7m in the financial statements of both BIDDAC and BADDAC for the reporting period.

There are no other material income and expenses in the Company's financial statements other than what has been reported in this section.

A.5 Other material information

There are no other material information regarding the business and performance of the insurance undertaking other than what has been reported in this section.

B. SYSTEM OF GOVERNANCE

B.1 General information on the system of governance

B.1 (a) Structure of Board including description of main roles and responsibilities and segregation of responsibilities and committees

Board

As at the reporting date, the Board comprised two executive directors, two independent non-executive directors and one Group non-executive director. The Board is responsible for the effective, prudent and ethical oversight of the Company. The Board's responsibilities include establishing and overseeing:

- the business strategy;
- the amount and type of capital that is adequate to cover the risks of the business; and
- the strategy for the on-going management of material risks.

The Board has established separate board audit and risk committees and has delegated matters for review or approval as set out in their terms of reference.

Audit Committee

The audit committee comprises the two independent non-executive directors and its main responsibilities are to review:

- the Company's accounting policies and financial reports and review management's approach to internal controls;
- the adequacy and scope of the external and internal audit functions; and
- the Company's compliance with regulatory and financial reporting requirements.

Risk Committee

The risk committee comprises all members of the Board and its main responsibilities are to:

- advise the Board on risk appetite and tolerance for future strategy;
- oversee the risk management function; and
- advise the Board on the effectiveness of strategies and policies with respect to maintaining, on an on-going basis, the amount and type of capital that is adequate to cover the risks of the company.

Key functions roles and responsibilities:

The Company has established risk management, compliance, internal audit and actuarial functions.

The role of the risk management function, led by the Chief Risk Officer, is to assist the Board and other functions in the effective operation of the risk management system and to monitor the system and the general risk profile of the business.

The compliance function, led by the Head of Compliance, is responsible for identifying, assessing, monitoring and reporting compliance risk exposure, focusing on the compliance with applicable laws and regulatory requirements.

The internal audit function is outsourced to Barclays Internal Audit ("BIA") and is responsible for developing and delivering an agreed internal audit plan and monitoring the control environment.

The actuarial function is outsourced to Milliman Limited ("Milliman") and is responsible for performing the specified tasks set out in Article 48 of the Solvency II Directive. In summary, the key responsibilities of the actuarial function are to review and validate the calculation of the technical provisions, provide opinions on the underwriting and reinsurance policies and assist the risk management function with certain tasks. Further details are included in section B.6.

B.1 (b) Material changes in the system of governance

There have been no material changes in the system of governance during the year.

B.1 (c) Remuneration policy and practices

Principles of the remuneration policy

The principles of the remuneration policy are to ensure remuneration practices are maintained in line with the long-term interests of the Company and to promote sound and effective risk management.

Performance criteria on variable components of remuneration

Employees are eligible to participate in the Company's discretionary performance related bonus scheme. The reward is based on individual, Company and Barclays Group performance. The discretionary performance bonus is based on performance against employee objectives and Barclays values.

Pension scheme

Employees are entitled to join the Barclays Ireland Defined Contribution Pension Plan. There is no supplementary pension or early retirement scheme for members of the Board and other key function holders.

B.1 (d) Material transactions

There were no material transactions during the year with any Board member or any other persons who exercise a significant influence on the Company.

B.2 Fit and proper requirements

B.2 (a) Specific requirements concerning skills, knowledge and expertise

Under the CBI's Fitness and Probity regime, the Company identifies staff members that carry out Pre-approval Controlled Function ("PCFs") and Controlled Function ("CFs") roles and ensures that they meet the CBI's standards for fitness and probity.

The Company requires a person who carries out a PCF or CF role to be able to demonstrate that he/she, among other items:

- has shown competence and proficiency to undertake the relevant function;
- has a sound knowledge of the business as a whole, and the specific responsibilities; and
- has a clear and comprehensive understanding of the regulatory and legal environment.

B.2 (b) Process for assessing fitness and propriety

The fit and proper policy describes the level of due diligence required at recruitment stage. In addition, the Compliance Officer completes an annual review of the fitness and propriety of each PCF and CF role.

B.3 Risk Management System including the own risk and solvency assessment

B.3 (a) Description of risk management system (strategies, processes and reporting procedures)

Strategy

The Board considered the long term strategic objective in determining the risk appetite of the Company. Risk appetite is articulated in qualitative terms and/or quantitative metrics across the key risk categories and written policies have been established to address these risks.

Risk Management Processes

The Risk Management Framework is a combination of “Top Down” and “Bottom Up” assessment and management of risks. All key risks are recorded in the Company-wide risk register.

Bottom Up approach

On an annual basis the risk owners carry out a Risk and Control Self- Assessment (“RCSA”). This involves identifying material inherent risks, assessing control effectiveness and measuring residual risk. The risks are then monitored through the reporting of Key Risk Indicators (“KRIs”) to the management Risk and Controls committee.

Top Down approach

The Risk Committee, as part of the Own Risk and Solvency Assessment (“ORSA”) process, considers risks from a “Top Down” perspective. These risks, if not already identified, are added to the highest residual risks identified from the “Bottom Up” approach to form the Corporate Risk Register. This register is monitored by the Risk Committee.

Reporting procedures

KRIs are established which set measurable thresholds for each key risk in accordance with risk appetite. These are used to alert management when risk levels exceed acceptable ranges and drive timely decision making and action. These are reviewed regularly by a Risk and Controls committee and a summary is reported to the Board Risk Committee.

B.3 (b) Implementation and integration of the risk management system into the organisation structure and decision making processes

The risk management function, headed by the CRO, assists the Board and other functions in the effective operation of the risk management system. The risk management function prepares an annual risk plan to the Risk Committee which outlines the key activities of the risk management system.

B.3 (c) Own Risk and Solvency Assessment (“ORSA”)

ORSA process

There is an on-going review and assessment of the Company’s risk profile through the risk management cycle as described in B.3 (a).

On an annual basis, the Company performs an own risk and solvency assessment to assess whether it has sufficient capital to meet solvency capital requirements over the business planning period under specific risk scenarios or stressed business conditions. The risk scenarios are based on the Company’s risk profile.

To do this, management prepares projected Solvency II balance sheets over its business planning period. The balance sheets are subjected to a range of scenario testing and the impacts on available capital and regulatory capital requirements are identified. The conclusions drawn from the assessment are reviewed by the Board and potential management actions are agreed.

The Board is actively involved in the process through its review of the approach, the choice of risks and scenarios to be included, and the review and challenge of the results of the assessment.

The Head of the Actuarial Function (“HoAF”) provides an actuarial opinion to the Board in respect of each ORSA process.

Decision making is evident through the Board’s review of the insights gained from the ORSA in approving the long and short term capital requirements and an assessment of own funds prior to any dividend decision.

Frequency of ORSA

The regular ORSA is performed annually and is approved by the Board. A non-routine ORSA is performed following any significant change in the risk profile.

Determination of own solvency needs

The Solvency II projected balance sheets are stressed for the agreed scenarios and the estimated change in available capital and subsequent capital requirements are determined. This enables the business to assess whether sufficient capital is available to meet solvency capital requirements over the business planning period under the identified risk scenarios or stressed business conditions.

B.4 Internal Control System

B.4 (a) Description of Internal Control System

The following table shows the Company's internal control framework which reflects the "Three Lines of Defence" model.

Three Lines of Defence Model		
1 st Line of Defence	2nd Line of Defence	3rd Line of Defence
<p>Business Operations: Business Management is responsible for the identification and assessment of risks and the implementation and enforcement of controls.</p>	<p>Oversight and Challenge: Board Committees and Control Functions provide key oversight of activities in business operations and challenge completeness / accuracy of risk identification and assessment and implementation of controls.</p>	<p>Independent Assurance: Internal Audit provides independent and objective assurance on the robustness of the Risk Management System, and the appropriateness and effectiveness of internal controls.</p>
<p>Key Components</p> <ul style="list-style-type: none"> - Managing Director - Management Committees - All Employees - Management of outsourced providers 	<p>Key Components</p> <ul style="list-style-type: none"> - Risk Committee - Actuarial Function - Risk Function - Compliance Function 	<p>Key Components</p> <ul style="list-style-type: none"> - Audit Committee - Internal Audit

B.4 (b) How the compliance function is implemented

The compliance function is part of the second line of defence and is led by the Head of Compliance. Responsibilities of the function are described in the "Compliance Function Charter" and summarised in B.1. above. The compliance function reports to the audit committee to provide assurance in regards to the Company's adherence to laws, regulations, guidelines and specifications relevant to its business. This is provided through an annual Compliance Plan which is approved by the committee and through the on-going reporting against that plan. At all times, the compliance function acts within the second line of defence and independently to the business. It provides the framework to allow the business to operate in a compliant manner with regards to all relevant regulatory, statutory and corporate governance obligations.

B.5 Internal Audit Function

B.5 (a) How the internal audit function is implemented

The internal audit function has been outsourced to Barclays Internal Audit and is governed by an internal audit charter. The internal audit function maintains a flexible risk-based audit plan. The Head of Internal Audit (“HoIA”) attends each audit committee meeting and reports on his assessment of the Company’s control environment and on management’s control approach. Following the sale of the business, the internal audit function has been outsourced to Deloitte.

B.5 (b) How independence and objectivity is maintained from the Company’s activities

To provide for its independence, all internal audit staff report to the HoIA who in turn reports to the audit committee. The remuneration of the HoIA and internal audit staff is structured in a manner such that it avoids conflicts of interest, does not impair their independence and objectivity and is not directly or exclusively linked to the short term performance of the Company.

B.6 Actuarial Function

How the Actuarial function is implemented

The actuarial function is outsourced to Milliman and is governed by an agreement between Milliman and Barclays Bank PLC. The role and responsibilities are described in an actuarial function charter and are summarised in section B.1.

The Board receives an annual report from the Actuarial Function which includes the results of the tasks undertaken, clearly identifying any deficiencies and giving any recommendations as to how such deficiencies could be remedied. The actuarial function operates under the ultimate responsibility of, and reports to the Board and, where appropriate, cooperates with the other key functions in carrying out its role. It is objective and free from the influence of other functions or the Board. It provides its opinions in an independent fashion and is able to communicate on its own initiative with any staff member, or Board member, and obtains access to any records necessary to carry out its responsibilities.

B.7 Outsourcing

Description of outsourcing policy

All sourcing requirements must be fulfilled using a Barclays preferred supplier in line with existing group-wide agreements where possible, unless it can be evidenced that the requirements cannot be met using an existing preferred supplier or existing agreement. An appropriate level of due diligence is conducted prior to contract award according to the segmentation of the supplier.

A business owner is assigned responsibility for management and monitoring of each supplier. The business owner’s responsibilities include managing the relationship and monitoring the performance and quality of service provided against agreed service levels.

Outsourcing and jurisdiction of critical or important operational functions or activities

Covéa Insurance Services Limited (“Covéa”), based in the UK, is responsible for policy servicing and claims administration. Investment management services are outsourced to Barclays Bank Ireland PLC and the actuarial function is outsourced to Milliman, both of which are based in Ireland. The internal audit function and some data storage services are outsourced to BB PLC located in the UK.

B.8. Assessment of governance and any other disclosures

The system of governance is considered appropriate for the Company. The governance structure of the Company is expected to change post-sale but it is too early to provide details of proposed changes. Any changes will be discussed in next year's Solvency and Financial Condition Report.

C. RISK PROFILE

C.1 Underwriting Risk

C1.1 Risk Exposure

Measures used to assess risks, including any material changes over the year

Annual assessment

As noted in section B.3 (a), on an annual basis the risk owners carry out a RCSA to identify material inherent risks. The controls mitigating these risks are assessed for design and operating effectiveness and a decision is taken on the appropriate treatment for the risk (e.g. 'accept' or 'increase controls').

On-going assessment

KRIs are reviewed by the Risk and Controls committee and appropriate actions are taken for risks that are outside tolerance.

There were no changes in the measures used to assess risks over the year.

Description of material risks including any material changes over the year

The lines of business written by the Company are described in section A.1. The material underwriting risks that have been identified are a deterioration in claims experience, an increase in expenses and an increase in cancellations. These are described further below. There were no material changes in underwriting risks during the year.

Deterioration in claims experience

The Company is exposed to an increase in the values of insurance liabilities resulting from inadequate pricing, provisioning assumptions or due to deteriorating economic conditions. A continued shortage of work could drive longer unemployment claims and an uplift in corresponding stress-related illness claims.

An increase in expenses

The Company is exposed to the risk that operating expenses are higher than expected. The following are some examples of possible sources of expense increases:

- An increase in staff costs as a result of, for example, a growing regulatory reporting burden or an appreciation of Euro against Sterling;
- An increase in third party administration costs due to increased claims levels or the imposition of VAT on outsourced claims handling expenses.
- Potential costs arising from Brexit such as the costs of establishing a UK branch if current passporting arrangements are no longer available.

An increase in cancellations

The Company is exposed to the risk of lapse rates being higher than expected.

C.1.2 Risk Concentration

Description of the material risk concentrations

The Company provides cover largely related to one product in the UK market which has been distributed by one service provider.

C.1.3 Risk Mitigation

Description of the method for mitigating risk and the process for monitoring effectiveness of these strategies

Method for mitigating risk

The Company considers a number of methods for mitigating risk, including risk limitation and risk transfer (e.g. for underwriting risk).

Process for monitoring the effectiveness of risk mitigation strategies

The Risk and Controls Committee reviews the effectiveness of controls through the review of KRIs. Refer to 'reporting procedures' to section B.3 (a) for further details.

Claims deterioration

With respect to the risk of claims deterioration, the effect of higher claims is mitigated by profit-sharing with the distributor. The effectiveness of the profit-sharing arrangement is monitored by the Head of Financial Control.

Increase in expenses

Expenses are closely monitored against forecast. Key differences are explained and are reported to the monthly Operating Committee meeting and to each Board meeting.

Increase in cancellations

Cancellation rates are monitored by the Operating Committee monthly.

C.1.4 Risk Sensitivity

Description of assumptions, methodology and results of stress-testing and sensitivity analysis for each material risk.

The exposures are examined on an annual basis through the ORSA process.

A recalculation of the Best Estimate Liabilities (BEL) and capital requirements is carried out in the case of the stress testing performed on the underwriting, market and credit risks. A description of the method used and assumptions made to calculate the technical provisions opening position can be found in Section D.2 (a) of this report. Future balance sheets are produced using best estimate assumptions. For each stress test, an adjustment to the relevant best estimate assumption is made when calculating the stressed BELs and associated capital requirements. These figures are then compared to those in the central scenario to derive the impacts of the related stress. For operational risks, an adverse scenario is developed and the impact on available capital is determined.

Underwriting risk:

The details of the single and combined underwriting scenarios are described as follows:

Single scenarios

- Claims deterioration - A 200% increase in Involuntary Unemployment claim frequencies for one year followed by a 100% increase in Involuntary Unemployment claim frequencies for another year with Accident & Sickness frequencies increasing by 100% for one year and then by 50% for another year.
- A permanent 25% increase in expenses
- An increase in cancellations - a mass lapse i.e. 50% of the book lapses.

Combined scenario

This considers a recession, leading to a spike in Involuntary Unemployment and Accident & Sickness claims coupled with higher lapses (due to affordability issues) and a 30% write-down of the largest investment counterparty.

Results:

The results of the most recent assessment indicate that BIDDAC and BADDAC are able to withstand the impact of all the single and combined underwriting risk scenarios at all times, with the exception of the combined scenario for BIDDAC where solvency coverage dips just below the SCR in 2018. Under this scenario it is assumed that proposed dividends would be withheld in all years. Given the scale of the combined scenario, this was considered acceptable.

C.2 Market Risk**C2.1 Risk Exposure****Measures used to assess risks, including any material changes over the year**

See section C.1.1 for details.

Description of material risks including any material changes over the year**Currency**

The Company's trading and reporting currency is Sterling (GBP); however the Company incurs liabilities in the Euro currency for corporation taxes and operational expenses. The Company's policy is to reduce foreign exchange exposure arising from these liabilities by holding assets in matching currencies.

Interest rate risk

The interest rate exposure is not significant as the term of assets and liabilities exposed to interest rate risk is relatively short. Investments are held in highly liquid investments and whilst liabilities are exposed to interest rate movements, they are of relatively short term.

Price risk

The Company is exposed to market risk due to changes in values of the assets and liabilities in the Defined Benefit ("DB") pension scheme. The assets comprise of equities, fixed interest securities and property.

There were no material changes in the risk over the year.

Description of how assets have been invested in accordance with the "prudent person principle"

The liabilities of the Company (including technical provisions) are very short term in duration due to the type of insurance products that the Company underwrites. Cash deposits and money market funds, with a short term duration of up to six months, are considered appropriate asset classes to match short term liabilities. Shareholder assets backing the solvency capital requirements are also invested in these two asset classes.

The most significant financial risk that the Company is exposed to is credit risk. This risk is principally controlled through an investment policy that imposes minimum credit ratings for investment counterparties and concentration limits to avoid overexposure to any investment counterparty. Investments are placed with large international financial institutions.. The Board is required to approve the set-up of all investment counterparties and all individual money market funds.

The assets of the Company are highly liquid and the financial liability structure is not complex. No funding is obtained from either secured or unsecured lending. Claims liabilities and the majority of operating liabilities (such as staff and facilities costs) are funded directly from monthly premiums received. All other operating liabilities (such as insurance commission and taxes) have fixed repayment schedules, thereby minimising liquidity risk. Further information on credit and liquidity risk is outlined in sections C3. and C4 below.

C.2.2 Risk Concentration

Description of the material risk concentrations

There are no material market risk concentrations.

C.2.3 Risk Mitigation

Description of the method for mitigating risk and the process for monitoring effectiveness of these strategies

See C1.3 for risk mitigation techniques and monitoring activities.

With respect to market risk, the pension scheme follows an investment strategy recommended by the pension fund advisors.

C.2.4 Risk Sensitivity

Description of assumptions, methodology and results of stress- testing and sensitivity analysis for each material risk.

Refer to section C1.4 for details of assumptions and methodology. The scenario considered in the most recent ORSA for the pension fund was the impact of:

1. A one-off fall in equity values of 60%; and
2. A halving of the current interest rate; and
3. A 20% decrease in mortality rates leading to a 6% increase in liabilities.

Results indicate that the Company is able to withstand the impact of the market and longevity stress at all times.

C.3 Credit Risk

C3.1 Risk Exposure

Measures used to assess risks, including any material changes over the year

See section C.1.1 for details.

Description of material risks including any material changes over the year

Invested assets are held in either cash deposits or money market funds with various banks and two Undertaking for Collective Investment in Transferable Securities (UCIT) funds. There were no material changes in the risk over the year.

Prudent Person Principle obligations

Section C2.1 describes how the Company fulfils its obligations to invest all of its assets in accordance with the 'prudent person principle'.

C.3.2 Risk Concentration

Description of the material risk concentrations

The permitted investment classes are bank deposits and/or individually approved money market funds of short durations. Concentration risk is mitigated by the establishment of a limit that can be held with any one institution and a limit for investing in money market funds.

C.3.3 Risk Mitigation

Description of the method for mitigating risk and the process for monitoring effectiveness of these strategies

See C1.3 for risk mitigation techniques and monitoring activities.

There is very low risk appetite for investment counterparty default. The investment policy specifies counterparty holding limits and minimum credit ratings for investment counterparties. Management monitors compliance against the investment policy .

C.3.4 Risk Sensitivity

Description of assumptions, methodology and results of stress-testing and sensitivity analysis for each material risk.

Refer to section C.1.4 for details of assumptions and methodology. Results indicate that the Company is able to withstand the impact of the credit risk stress at all times whilst paying its original proposed dividends.

C.4 Liquidity Risk

C4.1 Risk Exposure

Measures used to assess risks, including any material changes over the year

See section C.1.1 for details.

Description of material risks including any material changes over the year

The Company's exposure to liquidity risk is considered low since it maintains a high level of liquid assets to meet its liabilities. There were no material changes in the risk over the year.

Prudent Person Principle obligations

Section C2.1 describes how the Company fulfils its obligations to invest all of its assets in accordance with the 'prudent person principle'.

C.4.2 Risk Concentration

Description of the material risk concentrations

There are no material liquidity risk concentrations.

C.4.3 Risk Mitigation

Description of the method for mitigating risk and the process for monitoring effectiveness of these strategies

See C.1.3 for risk mitigation techniques and monitoring activities. With respect to liquidity risk, the policy is to maintain a liquidity buffer of a minimum number of months forecast claims and overhead costs. The Head of Financial Control monitors the liquidity position to ensure that liquidity exposure is maintained within the risk appetite limits.

With regards to liquidity risk, the total amount of expected profit included in future premiums as calculated in accordance with Article 260(2) is £0.8m. (Split BIDDAC Health SLT £0.2m, Miscellaneous Financial Loss £0.3m, BADDAC Life £0.3m).

C.4.4 Risk Sensitivity

Description of assumptions, methodology and results of stress-testing and sensitivity analysis for each material risk.

This risk was not considered sufficiently material for inclusion in the ORSA.

C.5 Operational Risk

C5.1 Risk Exposure, concentration and mitigation.

Measures used to assess risks, including any material changes over the year

See section C.1.1 for details.

Description of material risks, risk mitigation and risk sensitivity

The following are the key operational risks that were considered during the ORSA and are not an exhaustive list of operational risks to which the Company is exposed. Assumptions and methodology are described in section C.1.4 above. There were no material changes in operational risks during the year.

Third Party Supplier failure

The risk of Covéa service failure is managed by the regular monitoring of service levels and the performance of quality assurance activity on Covéa's claims and complaints processes.

The scenario considered during the ORSA was an unexpected event that resulted in the termination of the Covéa contract and the engagement of a new supplier.

Mass Data Leakage

All customer records are maintained on Covéa's system. To mitigate the risk of a cyber-security incident, a regular review of the supplier against Barclays standards is undertaken. In addition, the Covéa contract provides an indemnity relating to the loss of customer data.

The Company also holds some customer data for business purposes and access to this data is restricted.

Ineffective process, people or fraud

Ineffective process:

There is a dependency on Barclays' UK distribution channels to interface with customers in relation to cancellations and adjustments. Remediation projects have addressed specific historical process issues and management considers the probability of such issues recurring to be low.

People risk:

There is a risk that key staff members leave resulting in higher replacement salaries and loss of corporate knowledge. Mitigating controls include a succession plan and a regular review of KRIs.

Internal Fraud:

The risk of unauthorised cash transfer or cheque payments is mitigated by strong logical access controls and segregation of duties within the cash management system.

C.5.2 Risk Sensitivity

Refer to section 1.4 for details of assumptions and methodology used in the ORSA. Results indicate that the Company should be able to withstand the projected possible impact of a significant operational event (as described above).

C.6 Other Material Risks

C.6.1 Diseconomies of scale as the business runs off.

In the ORSA, it was assumed that the Company would continue to run-off its existing business and would ultimately consider an exit from the business (via, for example a portfolio transfer) if and when the business became loss-making due to diseconomies of scale. This risk will be re-considered based on the new owner's business plans for the Company.

C.7 Any other information

There is no other information for consideration.

D. Valuation for Solvency Purposes

D.1 Asset

The following table summarises the valuation of the Company's assets for Solvency II purposes and the valuation used in the Company's financial statements ("Statutory Basis") at the reporting date

The Company's financial statements have been prepared in accordance with Irish GAAP (accounting standards issued by the Financial Reporting Council of the UK and promulgated by the Institute of Chartered Accountants in Ireland and the Companies Act 2014).

	Solvency II Basis BIDDAC £'000	Statutory Basis BIDDAC £'000	Solvency II Basis BADDAC £'000	Statutory Basis BADDAC £'000
Assets				
Collective Investments Undertakings	13,373	13,373	5,017	5,017
Deposits other than cash equivalents	36,289	36,289	12,897	12,897
Total Investments	<u>49,662</u>	<u>49,662</u>	<u>17,914</u>	<u>17,914</u>
Cash and cash equivalents	4,803	4,803	1,498	1,498
Insurance and intermediaries receivables	1,260	1,260	885	885
Other assets	647	941	349	682
Total assets	<u>56,372</u>	<u>56,666</u>	<u>20,646</u>	<u>20,979</u>

D.1 (a) Description of the bases, methods and main assumptions used by the undertaking for the valuation for solvency purposes

The Company's investments are held in just two assets classes, cash deposits and individually approved money-market funds of short duration up to a maximum of six months. These two asset classes, together with cash & cash equivalents, make up 97% (BIDDAC) and 94% (BADDAC) of the Company's assets at the reporting date. The remaining assets comprise of amounts owed from intermediaries & policyholders and other trade assets. All of the Company's assets are of a non-complex nature and there is no requirement to use valuation models, or to make any material assumptions or estimates, in valuing any of these assets.

Investments and Cash & Cash Equivalents

The inputs used to value investments and cash and cash equivalents are based on observable data for each individual asset. All investments are initially valued at their transaction price and re-valued to reflect interest accumulated up to the reporting date.

Insurance & Intermediaries' Receivables

Insurance & Intermediaries' Receivables are valued at their estimated transaction price i.e. the premium that is expected to be received from policyholders and intermediaries. The majority of these receivables are due from Group companies and are collected within 5 workings days of the reporting date.

Other Assets

Other assets consist of:

- A deferred tax asset of £0.2m in both companies which represents a temporary timing difference on pension costs between what is included in taxable profits of the Company and what is included on the Solvency II balance sheet. It also includes an immaterial deferred tax adjustment on the difference between the valuation of assets and liabilities on a Solvency II basis compared to the valuations used in the Company's Financial Statements. The recoverability of these deferred tax assets can be assessed with confidence due to the relative immaterial amounts in question.

- A pension escrow account of £0.2m in both companies which is described in more detail in section E1.
- Other trade debtors valued at their transaction price and due within one month of the reporting date.

D.1 (b) Material differences between the bases, methods and assumptions used by the undertaking for the valuation for solvency purposes and those used for valuation in financial statements

The financial statements include a deferred acquisition cost asset of £0.3m (BIDDAC) and £0.3m (BADDAC) which is excluded from the Solvency II Balance Sheet. There are no other material differences in the bases, methods and assumptions used for the valuation for Solvency II purposes and those used in the financial statements. There were no changes to the recognition criteria and valuation methods during the year.

Certain assets of the Company are reported in different asset categories on the SII balance sheet and in the financial statements. The only material classification difference is that cash held in call deposits (£2.1m BIDDAC, £1.4m BADDAC) are reported in cash & cash equivalents in the Solvency II balance sheet but included in investments in the financial statements.

D.2 Technical provisions

D.2 (a) Description of the bases, methods and main assumptions used by the undertaking for the valuation for Solvency purposes

The table below contains the technical provisions by line of business for the Company.

	BIDDAC Misc FL £'000	BIDDAC Health SLT £'000	BIDDAC Total £'000	BADDAC Health SLT £'000	BADDAC Life £'000	BADDAC Total £'000
Best Estimate Liabilities	5,012	6,428	11,440	136	123	259
Risk Margin	815	84	899	2	25	27
Technical Provisions	5,827	6,512	12,339	138	148	286

Method

The technical provisions have been valued using the methodology prescribed by the Solvency II Directive. The Best Estimate Liabilities (BEL) is the expected present value of the probability-weighted average of future cashflows, using the relevant risk-free interest rates. Deterministic projections with best-estimate assumptions have been used when calculating the BEL.

The cashflow components are: claims, premiums, refunds, expenses, commission and profit share. Premiums are projected according to the number of policies in force at that time. As there are a large number of policies, model points are used. Claims are projected using recovery rates, paid delays and claim frequencies for the relevant product. Expenses include Third Party Administrator (TPA) fees and a market level of non-TPA overhead expenses. Commission cash flows are calculated in accordance with the terms and conditions set out in the distribution agreement in place with Barclays Bank PLC.

Assumptions

An annual review of the claims and policy experience of the Company is used to determine the appropriate recovery rates, paid delays, claim frequencies and lapse rate assumptions to use when calculating the BEL cashflows.

In relation to contract boundaries, cashflows are predominantly projected for one month only unless there is a claim in payment (as there is the right to cancel the policy with one month's notice to the policyholder).

Policies with a claim in payment or that incur a claim within the one month have claim related cashflows projected until their expiry date (or the end of the maximum benefit period if this is earlier).

The approach taken to calculate the risk margin is to apply contract boundaries to the projected future (non-hedgeable) Solvency Capital Requirements (SCRs) and then discount these by the proposed cost of capital rate of 6%. The SCR has been calculated according to the standard formula.

D.2 (b) Level of uncertainty associated with the value of technical provisions

The level of uncertainty associated with the value of technical provisions has been estimated by examining how the technical provisions would change if certain assumptions were to change. Such quantifications have been undertaken as part of the process of calculating the SCRs for the Company: in calculating certain components of the overall SCR, the Company is required to recalculate the BEL on the basis of certain changes to assumptions. The following table shows these assumptions along with an additional stress that considers increasing unemployment risk claims frequencies.

Risk Driver	BIDDAC	BADDAC
Mortality risk	N/A	More policyholders die than expected (15% increase in mortality rates). (Stress applies to Life benefits only.)
Mortality catastrophe risk	N/A	Catastrophe i.e. one off large impact on mortality rates over a short time period (additional 1.5 per thousand deaths over next year) (Stress applies to Life benefits only.)
Disability risk	Morbidity experience turns out to be worse than expected e.g. critical illness. (35%/25% increase in morbidity rates in years 1/2+ and a 20% decrease in recovery rates. Stress applies to Health SLT benefits.	Same shock as for BIDDAC but only applied to Health SLT benefits.
Lapse risk	An immediate surrender of 40% of policies where an increase in lapses results in an increase in technical provisions.	Same shock as for BIDDAC.
Expense risk	Expenses and expense inflation are higher than expected (10% increase and additional 1% p.a. inflation).	Same shock as for BIDDAC.
Interest rate risk	Test both an increase and decrease in interest rates with different shocks applied at different points. It is a decrease in interest rates that is most onerous for BIDDAC as it results in an increase in the present value of overheads.	Same shock as for BIDDAC.
Unemployment risk	Increase of 40% in Miscellaneous financial loss claim frequencies above the base case for one year followed by a 20% increase in Miscellaneous financial loss claim frequencies above the base for one year.	N/A

The following table shows the impact of recalculating the BEL under the various SCR stress scenarios.

	BIDDAC BEL £'000	BIDDAC Change from central £'000	BADDAC BEL £'000	BADDAC Change from central £'000
Central assumptions	11,440		259	
Mortality risk	11,440	0	266	7
Mortality catastrophe risk	11,440	0	289	30
Disability risk	12,492	1,052	264	5
Lapse risk	11,538	98	306	47
Expense risk	11,468	28	269	10
Interest rate risk	11,495	55	261	2
Unemployment risk	11,582	142	259	0

D.2 (c) Material differences between the bases, methods and main assumptions used by the undertaking for the valuation for solvency purposes and those used for valuation in financial statements

The following table shows the movement from statutory basis valuation of insurance liabilities to the Solvency II Technical Provisions, split by line of business for the reporting period.

	BIDDAC Misc FL £'000	BIDDAC Health SLT £'000	BIDDAC Total £'000	BADDAC Health SLT £'000	BADDAC Life £'000	BADDAC Total £'000
Statutory Technical Provisions	5,596	6,897	12,493	412	804	1,215
Adjustments to Solvency II Valuation Basis	(584)	(469)	(1,053)	(276)	(681)	(957)
Best Estimate Liabilities	5,012	6,428	11,440	136	123	259
Risk Margin	815	84	899	2	25	27
Solvency II Technical Provisions	5,827	6,512	12,339	138	148	286

The main differences between the Solvency II and statutory basis liabilities arise from:

- Solvency II technical provisions use best estimate assumptions while the statutory basis assumptions include margins for prudence.
- The Solvency II technical provision discount rate is specified by regulation (the relevant risk-free interest rate is provided by EIOPA), while no discounting is used in the financial statements.
- Solvency II technical provisions include a risk margin.

D.2 (d) (e) Matching adjustment and volatility adjustment

Neither the matching adjustment nor the volatility adjustment referred to in Article 77 of Directive 2009/138/EC are used by the Company.

D.2 (f) (g) Transitional risk-free rate and transitional deduction

Similarly, both the transitional risk-free interest rate-term structure and transitional deduction referred to in Article 308 of Directive 2009/138/EC are not applied by the Company.

D.2 (h) (i) Reinsurance recoverables and special purpose vehicles

There is no reinsurance in place and the Company does not use special purpose vehicles, thus there are no recoverables.

D.2 (h) (ii) Material changes to assumptions made in calculating technical provisions compared to previous reporting period

As this year is the first full year under Solvency II a description of any changes in assumptions made in the calculation of technical provisions compared to the previous reporting period is not required.

D.3 Other Liabilities

D.3 (a) Value of other liabilities plus a description of the bases, methods and main assumptions used for their valuation for Solvency purposes

The following table summarises the valuation of the Company's liabilities (excluding technical provisions) for Solvency II purposes and the valuation used in the Company's financial statements ("Statutory Basis") at the reporting date.

	Solvency II Basis BIDDAC £'000	Statutory Basis BIDDAC £'000	Solvency II Basis BADDAC £'000	Statutory Basis BADDAC £'000
Liabilities				
Insurance & intermediaries payables	12,654	12,654	5,913	5,913
Pension benefit obligation	1,831	1,831	1,831	1,831
Other liabilities	1,814	1,814	281	281
Total liabilities	16,299	16,299	8,025	8,025

Insurance & Intermediaries Payable

Insurance & Intermediaries payable of £12.7m (BIDDAC) and £5.9m (BADDAC) is mostly represented by commission payable to Barclays Bank PLC and is valued in accordance with the terms and conditions set out in the distribution agreement in place between the two companies. All data used in the valuation process is directly sourced from the underwriting results outlined in section A.2 of this report and no material estimates or judgements are made for valuation purposes. Commission payable is accrued for on a monthly basis and settled on an annual basis in January.

Pension Benefit Obligation

The Company is a contributor to the Barclays Bank Irish Retirement and Life Assurance Plan, which is a funded defined benefit scheme. The pension plan closed to future accrual in May 2013. The net pension benefit obligation of £3.6m represents the excess of the present value of the scheme liabilities over the value of the scheme assets at the reporting date, the following table summarises this.

	Solvency II Basis £'000	Statutory Basis £'000
Total market value of plan assets	8,170	8,170
Present value of plan liabilities	(11,832)	(11,832)
Net Pension Deficit	(3,662)	(3,662)

The pension asset and liabilities are allocated equally between BIDDAC and BADDAC.

The present value of scheme liabilities is valued using the projected unit credit method which uses actuarial techniques to make a reliable estimate of the ultimate cost to the Company of the benefit that employees have earned in return for their service to date. The Company makes estimates (actuarial assumptions) about demographic variables and financial variables that will influence the cost of the ultimate benefit. The valuation of the scheme liabilities at the reporting date includes a post-retirement mortality assumption of 58% of ILT (males) and 62% of ILT (females) with improvement of 0.3% for males and 0.25% for females for each year up to the members normal retirement date. The valuation also assumes an inflation rate of 1.5% per annum based on the European Central Bank target and is consistent with the implied inflation rate for eurozone countries as measured by the gap between yields on index-linked and non-index linked government bonds (1.52% at 31 October 2016). The benefit is discounted to determine the present value of the defined benefit obligation. The discount rate has being determined using Willis Towers Watsons Global RATE:Link method.

The fair value of the pension plan assets are deducted from the present value of the defined obligation to arrive at the net pension obligation valuation. The following table summarises how the plan assets are invested at the reporting date.

	Solvency II Basis £'000	Statutory Basis £'000
Equity	3,058	3,058
Fixed Interest	3,156	3,156
Property	308	308
Other	1,648	1,648
Total Plan Assets	8,170	8,170

The pension plan invests through policies of assurance with Irish Life Assurance plc. The underlying investments consist of a range of unit linked pension funds which are valued at fair value based on quoted market prices.

Other Liabilities

Of the £1.8m of other liabilities in BIDDAC, £1m relates to insurance premium tax (IPT) payable to HMRC, quarterly in arrears. This liability is valued by applying the tax rate that has been enacted for the reporting period (currently 10%) to the net written premium received for the quarter.

The remaining liabilities for both companies comprise of trade and other creditors, are valued at their respective transaction price, and are payable at various dates in the three months after the reporting date.

D.3 (b) Material differences with the valuation bases, methods and main assumptions used by the undertaking for the valuation for solvency purposes and those used for their valuation in financial statements

There are no differences in the bases, methods and assumptions used for the valuation for Solvency II purposes and those used in the financial statements. There were no changes to the recognition criteria and valuation methods during the year.

D.4 Alternative methods for valuation

Due to the nature of the Company's assets, SII valuation principles based on quoted market prices for identical or similar assets are not relevant. As stated in D.1 (a), the inputs used to value assets are based on observable data for each individual asset and is consistent with how these assets are valued in the Company's financial statements.

D.5 Any other information

In February 2017 the Company's defined benefit pension obligations, under the Barclays Bank Irish Retirement and Life Assurance Plan, were transferred to Barclays Bank Ireland PLC. This resulted in an increase of Stg £3.2m in the Company's net assets.

E. Capital Management

E.1 Own Funds

E.1 (a) Objectives, policies and processes employed by the undertaking for managing its own funds

The Company is closed to new business and has no requirement to raise additional capital to support the writing of new business. The structure of the Company's own funds is not complex and comprises of share capital and retained earnings. The capital management policy focuses on ensuring that there is sufficient capital at all times to meet the regulatory solvency requirements. Any excess capital is available to be distributed to the shareholder with the capacity to pay dividends assessed twice each year. A medium term capital management plan is prepared annually with the business planning period covering three years. This plan is reviewed and updated on a quarterly basis to reflect the actual performance of the business. The policy is reviewed annually with the results of the annual ORSA process taken into consideration.

E.1 (b) (c) (d) Information on own funds and the amount eligible to cover the Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR)

The following table shows the make-up of the SII basic owns funds and what is eligible to cover the Solvency Capital Requirement and Minimum Capital Requirement.

BIDDAC	Total Own funds	Tier	Eligible Own Funds to cover SCR	Eligible Own Funds to cover MCR
	£'000		£'000	£'000
Ordinary Share Capital	2,500	1	2,500	2,500
Reconciliation reserve	24,793	1	24,793	24,793
Deferred tax asset	249	3	249	
Total Basic Own Funds	27,542		27,542	27,293
Capital Contribution	(223)		(223)	(223)
Total Basic Own Funds after deductions	27,319		27,319	27,070

BADDAC	Total Own funds	Tier	Eligible Own Funds to cover SCR	Eligible Own Funds to cover MCR
	£'000		£'000	£'000
Ordinary Share Capital	3,500	1	3,500	3,500
Reconciliation reserve	8,501	1	8,501	8,501
Deferred tax asset	143	3	143	
Total Basic Own Funds	12,144		12,144	12,001
Capital Contribution	(223)		(223)	(223)
Total Basic Own Funds after deductions	11,921		11,921	11,778

All basic own funds items are fully subordinated to all other liabilities and there are no conditions attached that would prevent any of these items from absorbing losses. Capital Contributions of £0.2m in BIDDAC and BADDAC are treated as a deduction from basic own funds as the Company made a decision, on the grounds of materiality, not to seek regulatory approval to include this amount. The reconciliation reserve of £24.8m (BIDDAC) and £8.5m (BADDAC) mostly represents the statutory retained profit of the Company and the table following reconciles this amount to shareholders equity in the Company's financial statements.

	BIDDAC £'000	BADDAC £'000
Share Capital	2,500	3,500
Capital Contribution	223	223
Retained Profit	25,151	8,015
Shareholder Equity per financial statements	27,874	11,738
Own Funds items classified separately:		
Share Capital	(2,500)	(3,500)
Defered tax asset	(249)	(143)
	25,125	8,095
Adjustments to Shareholder Equity:		
Ring Fenced Assets	(192)	(191)
Difference in Solvency II vs Statutory Basis	(140)	597
Reconciliation Reserve	24,793	8,501

The reconciliation reserve excludes ring fenced assets of £0.2m each for BIDDAC and BADDAC which comprise of cash that the Company has paid into a pension escrow account which may be used to fund the deficit on the defined benefit pension scheme if certain specified conditions are triggered.

E.1 (e) Material differences between equity as shown in the undertaking's financial statements and the excess of assets over liabilities as calculated for solvency purposes

The following table summarises the differences between shareholders equity reported in the Company's financial statements and the excess of assets over liabilities for solvency purposes. Further details on each difference are outlined under the relevant section of this report as detailed below.

	Reference	BIDDAC £'000	BADDAC £'000
Shareholder Equity per financial statements		27,874	11,738
Difference in the valuation of assets	D.1 (b)	(294)	(333)
Difference in the valuation of technical provisions	D.2 (c)	154	930
Solvency II Excess of Assets over Liabilities		27,734	12,335

E.1 (f) Basic own fund item subject to the transitional arrangements

Not applicable.

E.1 (g) Ancillary Own Funds.

The Company has no ancillary own funds.

E.1 (h) Material items deducted from own funds.

The only material item deducted from own funds is the ring fenced asset of £0.2m referred to above.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2 (a) Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR) at the end of the reporting period

The following table shows the Company's SCR and MCR requirements at the reporting date.

	BIDDAC £'000	BADDAC £'000
SCR	13,988	1,582
MCR	5,107	3,329

E.2 (b) The amount of the undertakings SCR split by risk module

The following table shows the company's SCR split by risk module in accordance with the standard formula.

	BIDDAC £'000	BADDAC £'000
Market risk	946	886
Counterparty default risk	1,770	607
Life underwriting risk	0	68
Health underwriting risk	1,156	5
Non-life underwriting risk	11,428	0
Diversification	(2,494)	(349)
Intangible asset mix	0	0
Basic Solvency Capital Requirement	<u>12,806</u>	<u>1,217</u>
Operational risk	<u>1,182</u>	<u>365</u>
Solvency Capital Requirement	<u>13,988</u>	<u>1,582</u>

E.2 (c) Information on if using simplified calculations

There are no simplified calculations used in the standard formula.

E.2 (d) (e) (f) Information on undertaking specific parameters and capital add-ons

The undertaking specific parameters referred to in Article 104(7) of Directive 2009/138/EC are not used by the Company. The capital add-on as per sub paragraph of Article 51(2) of Directive 2009/138/EC does not apply.

E.2 (g) Information on inputs used to calculate the MCR

The following table summarises the inputs used by the Company to calculate the MCR as at the reporting date. The calculation of the MCR is purely formula based as dictated by EIOPA Solvency II requirements. The MCR is calculated based on factors applied to sums assured, premiums and technical provisions (the "Linear MCR"). It is then subject to an upper (45%) and lower (25%) band based on the SCR. There is an absolute floor of the MCR ("AMCR"), prescribed by EIOPA, of €2.5 million (or £2.2 million) for BIDDAC and of €3.7 million (or £3.3 million) for BADDAC.

	BIDDAC £'000	BADDAC £'000
AMCR	2,249	3,329
Linear MCR	5,107	228
SCR	13,988	1,582
Combined MCR	5,107	396
MCR	5,107	3,329

E.2 (h) Material changes to SCR and MCR over the reporting period

Not applicable as this is the first reporting period under the Solvency II regime..

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

Not applicable.

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

Not applicable.

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

The Company is compliant with the MCR and SCR.

E.6 Any other information

There is no other material information regarding the capital management of the insurance undertaking other than what has been reported in this section.

Appendix 1:

Quantitative Reporting Templates

BIDDAC

BIDDAC**S.02.01.02****Balance sheet**

All amounts are in Stg £'000

	Solvency II value
	C0010
Assets	
Intangible assets	R0030 -
Deferred tax assets	R0040 249
Pension benefit surplus	R0050 -
Property, plant & equipment held for own use	R0060 1
Investments (other than assets held for index-linked and unit-linked contracts)	R0070 49,662
Property (other than for own use)	R0080 -
Holdings in related undertakings, including participations	R0090 -
Equities	R0100 -
Equities - listed	R0110 -
Equities - unlisted	R0120 -
Bonds	R0130 -
Government Bonds	R0140 -
Corporate Bonds	R0150 -
Structured notes	R0160 -
Collateralised securities	R0170 -
Collective Investments Undertakings	R0180 13,373
Derivatives	R0190 -
Deposits other than cash equivalents	R0200 36,289
Other investments	R0210 -
Assets held for index-linked and unit-linked contracts	R0220 -
Loans and mortgages	R0230 -
Loans on policies	R0240 -
Loans and mortgages to individuals	R0250 -
Other loans and mortgages	R0260 -
Reinsurance recoverables from:	R0270 -
Non-life and health similar to non-life	R0280 -
Non-life excluding health	R0290 -
Health similar to non-life	R0300 -
Life and health similar to life, excluding health and index-linked and unit-linked	R0310 -
Health similar to life	R0320 -
Life excluding health and index-linked and unit-linked	R0330 -
Life index-linked and unit-linked	R0340 -
Deposits to cedants	R0350 -
Insurance and intermediaries receivables	R0360 1,260
Reinsurance receivables	R0370 -
Receivables (trade, not insurance)	R0380 397
Own shares (held directly)	R0390 -
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400 -
Cash and cash equivalents	R0410 4,803
Any other assets, not elsewhere shown	R0420 -
Total assets	R0500 56,372

BIDDAC**S.02.01.02****Balance sheet**

	Solvency II value
	C0010
Liabilities	
Technical provisions – non-life	R0510 5,827
Technical provisions – non-life (excluding health)	R0520 5,827
TP calculated as a whole	R0530 -
Best Estimate	R0540 5,012
Risk margin	R0550 815
Technical provisions - health (similar to non-life)	R0560 -
TP calculated as a whole	R0570 -
Best Estimate	R0580 -
Risk margin	R0590 -
Technical provisions - life (excluding index-linked and unit-linked)	R0600 6,512
Technical provisions - health (similar to life)	R0610 6,512
TP calculated as a whole	R0620 -
Best Estimate	R0630 6,428
Risk margin	R0640 84
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650 -
TP calculated as a whole	R0660 -
Best Estimate	R0670 -
Risk margin	R0680 -
Technical provisions – index-linked and unit-linked	R0690 -
TP calculated as a whole	R0700 -
Best Estimate	R0710 -
Risk margin	R0720 -
Contingent liabilities	R0740 -
Provisions other than technical provisions	R0750 -
Pension benefit obligations	R0760 1,831
Deposits from reinsurers	R0770 -
Deferred tax liabilities	R0780 -
Derivatives	R0790 -
Debts owed to credit institutions	R0800 56
Financial liabilities other than debts owed to credit institutions	R0810 -
Insurance & intermediaries payables	R0820 12,654
Reinsurance payables	R0830 -
Payables (trade, not insurance)	R0840 1,758
Subordinated liabilities	R0850 -
Subordinated liabilities not in BOF	R0860 -
Subordinated liabilities in BOF	R0870 -
Any other liabilities, not elsewhere shown	R0880 -
Total liabilities	R0900 28,638
Excess of assets over liabilities	R1000 27,734

BIDDAC
S.12.01.02
Life and Health SLT Technical Provisions

Technical provisions calculated as a whole
 Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole

Technical provisions calculated as a sum of BE and RM

Best Estimate
Gross Best Estimate
 Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default
 Best estimate minus recoverables from reinsurance/SPV and Finite Re - total

Risk Margin
Amount of the transitional on Technical Provisions
 Technical Provisions calculated as a whole
 Best estimate
 Risk margin

Technical provisions - total

	Health insurance (direct business)		Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)	
	Contracts without options and guarantees	Contracts with options or guarantees				
	C0160	C0170	C0180	C0190	C0200	C0210
R0010	-			-	-	-
R0020	-			-	-	-
	-			-	-	-
R0030		6,428	-	-	-	6,428
R0080		-	-	-	-	-
R0090		6,428	-	-	-	6,428
R0100	84			-	-	84
R0110	-			-	-	-
R0120		-	-	-	-	-
R0130	-			-	-	-
R0200	6,512			-	-	6,512

BIDDAC**S.17.01.02****Non-life Technical Provisions**

All amounts are in Stg £'000

Technical provisions - total

Technical provisions - total

Recoverable from reinsurance contract/SPV and Finite Re
after the adjustment for expected losses due to counterparty
default - totalTechnical provisions minus recoverables from
reinsurance/SPV and Finite Re - total

	Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				Total Non-Life obligation
	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	
	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0320	-	-	5,827	-	-	-	-	5,827
R0330	-	-	-	-	-	-	-	-
R0340	-	-	5,827	-	-	-	-	5,827

BIDDAC

S.19.01.21

Non-life Insurance Claims Information

All amounts are in Stg £'000

Gross undiscounted Best Estimate Claims Provisions

(absolute amount)

Year	Development year											Year end (discounted)		
	0	1	2	3	4	5	6	7	8	9	10 & +		C0360	
	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300			
Prior	R0100	R0100	R0100	R0100	R0100	R0100	R0100	R0100	R0100	R0100	R0100	-	R0100	-
N-9	R0160	-	-	-	-	-	-	-	-	-	-	-	R0160	-
N-8	R0170	-	-	-	-	-	-	-	-	-	-	-	R0170	-
N-7	R0180	-	-	-	-	-	-	-	-	-	-	-	R0180	-
N-6	R0190	-	-	-	-	-	-	-	-	-	-	-	R0190	-
N-5	R0200	-	-	-	-	-	-	-	-	-	-	-	R0200	-
N-4	R0210	-	-	-	-	-	-	-	-	-	-	-	R0210	-
N-3	R0220	-	-	-	-	-	-	-	-	-	-	-	R0220	-
N-2	R0230	-	-	-	-	-	-	-	-	-	-	-	R0230	-
N-1	R0240	-	105	-	-	-	-	-	-	-	-	-	R0240	105
N	R0250	5,241	-	-	-	-	-	-	-	-	-	-	R0250	5,218
Total													R0260	5,323

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S.22.01.21

Impact of long term guarantees and transitional measures

All amounts are in Stg £'000

		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
Technical provisions	R0010	-	-	-	-	-
Basic own funds	R0020	-	-	-	-	-
Eligible own funds to meet Solvency Capital Requirement	R0050	-	-	-	-	-
Solvency Capital Requirement	R0090	-	-	-	-	-
Eligible own funds to meet Minimum Capital Requirement	R0100	-	-	-	-	-
Minimum Capital Requirement	R0110	-	-	-	-	-

BIDDAC

S.23.01.01

Own funds

All amounts are in Stg £'000

Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35

- Ordinary share capital (gross of own shares)
- Share premium account related to ordinary share capital
- Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings
- Subordinated mutual member accounts
- Surplus funds
- Preference shares
- Share premium account related to preference shares
- Reconciliation reserve
- Subordinated liabilities
- An amount equal to the value of net deferred tax assets
- Other own fund items approved by the supervisory authority as basic own funds not specified above

Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

- Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

Deductions

- Deductions for participations in financial and credit institutions

Total basic own funds after deductions

Ancillary own funds

- Unpaid and uncalled ordinary share capital callable on demand
- Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand
- Unpaid and uncalled preference shares callable on demand
- A legally binding commitment to subscribe and pay for subordinated liabilities on demand
- Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC
- Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC
- Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC
- Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC
- Other ancillary own funds

Total ancillary own funds

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
R0010	2,500	2,500		-	
R0030	-	-		-	
R0040	-	-		-	
R0050				-	-
R0070	-	-			
R0090	-			-	-
R0110	-			-	-
R0130	24,793	24,793			
R0140	-			-	-
R0160	249				249
R0180	-	-		-	-
R0220	223				
R0230	-	-		-	
R0290	27,319	27,293		-	249
R0300	-			-	
R0310	-			-	
R0320	-			-	-
R0330	-			-	-
R0340	-			-	
R0350	-			-	
R0360	-			-	
R0370	-			-	-
R0390	-			-	-
R0400	-			-	-

BIDDAC**S.23.01.01****Own funds**

All amounts are in Stg £'000

Available and eligible own funds

Total available own funds to meet the SCR

Total available own funds to meet the MCR

Total eligible own funds to meet the SCR

Total eligible own funds to meet the MCR

SCR**MCR****Ratio of Eligible own funds to SCR****Ratio of Eligible own funds to MCR****Reconciliation reserve**

Excess of assets over liabilities

Own shares (held directly and indirectly)

Foreseeable dividends, distributions and charges

Other basic own fund items

Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds

Reconciliation reserve**Expected profits**

Expected profits included in future premiums (EPIFP) - Life business

Expected profits included in future premiums (EPIFP) - Non- life business

Total Expected profits included in future premiums (EPIFP)

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
R0500	27,319	27,293	-	-	249
R0510	27,070	27,293	-	-	
R0540	27,319	27,293	-	-	249
R0550	27,070	27,293	-	-	
R0580	13,988				
R0600	5,107				
R0620	195%				
R0640	530%				

	C0060
R0700	27,734
R0710	-
R0720	-
R0730	2,749
R0740	192
R0760	24,793
R0770	156
R0780	310
R0790	466

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S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

All amounts are in Stg £'000

Market risk
 Counterparty default risk
 Life underwriting risk
 Health underwriting risk
 Non-life underwriting risk
 Diversification
 Intangible asset risk
Basic Solvency Capital Requirement

Calculation of Solvency Capital Requirement

Operational risk
 Loss-absorbing capacity of technical provisions
 Loss-absorbing capacity of deferred taxes
 Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC

Solvency capital requirement excluding capital add-on

Capital add-on already set

Solvency capital requirement**Other information on SCR**

Capital requirement for duration-based equity risk sub-module
 Total amount of Notional Solvency Capital Requirement for remaining part
 Total amount of Notional Solvency Capital Requirements for ring fenced funds
 Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios
 Diversification effects due to RFF nSCR aggregation for article 304

	Gross solvency capital requirement	USP	Simplifications
	C0110	C0090	C0100
R0010	946	 	
R0020	1,770	 	
R0030	-	 	
R0040	1,156	 	
R0050	11,428	 	
R0060	(2,494)	 	
R0070	-	 	
R0100	12,806	 	

	C0100
R0130	1,182
R0140	-
R0150	-
R0160	-
R0200	13,988
R0210	-
R0220	13,988
 	
R0400	-
R0410	-
R0420	-
R0430	-
R0440	-

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S.25.03.21

Solvency Capital Requirement - for undertakings on Full Internal Models

All amounts are in Stg £'000

Unique number of component	Components description	Calculation of the Solvency Capital Requirement
C0010	C0020	C0030
-	-	-
-	-	-

Calculation of Solvency Capital Requirement

Total undiversified components

Diversification

Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC (transitional)

Solvency capital requirement excluding capital add-on

Capital add-ons already set

Solvency capital requirement**Other information on SCR**

Amount/estimate of the overall loss-absorbing capacity of technical provisions

Amount/estimate of the overall loss-absorbing capacity of deferred taxes

Total amount of Notional Solvency Capital Requirements for remaining part

Total amount of Notional Solvency Capital Requirements for ring fenced funds (other than those related to business operated in accordance with Art. 4 of Directive 2003/41/EC (transitional))

Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios

Diversification effects due to RFF nSCR aggregation for article 304

	C0100
R0110	-
R0060	-
R0160	-
R0200	-
R0210	-
R0220	-
R0230	-
R0300	-
R0310	-
R0410	-
R0420	-
R0430	-
R0440	-

BIDDAC**S.28.01.01****Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity**

All amounts are in Stg £'000

Linear formula component for non-life insurance and reinsurance obligations

	C0010
MCR _{NL} Result	R0010 3,135

	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
	C0020	C0030
Medical expense insurance and proportional reinsurance	R0020 -	-
Income protection insurance and proportional reinsurance	R0030 -	-
Workers' compensation insurance and proportional reinsurance	R0040 -	-
Motor vehicle liability insurance and proportional reinsurance	R0050 -	-
Other motor insurance and proportional reinsurance	R0060 -	-
Marine, aviation and transport insurance and proportional reinsurance	R0070 -	-
Fire and other damage to property insurance and proportional reinsurance	R0080 -	-
General liability insurance and proportional reinsurance	R0090 -	-
Credit and suretyship insurance and proportional reinsurance	R0100 -	-
Legal expenses insurance and proportional reinsurance	R0110 -	-
Assistance and proportional reinsurance	R0120 -	-
Miscellaneous financial loss insurance and proportional reinsurance	R0130 5,012	18,052
Non-proportional health reinsurance	R0140 -	-
Non-proportional casualty reinsurance	R0150 -	-
Non-proportional marine, aviation and transport reinsurance	R0160 -	-
Non-proportional property reinsurance	R0170 -	-

Linear formula component for life insurance and reinsurance obligations

	C0040
MCR _L Result	R0200 1,972

	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
	C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210 -	-
Obligations with profit participation - future discretionary benefits	R0220 -	-
Index-linked and unit-linked insurance obligations	R0230 -	-
Other life (re)insurance and health (re)insurance obligations	R0240 6,428	-
Total capital at risk for all life (re)insurance obligations	R0250 -	2,624,267

Overall MCR calculation

	C0070
Linear MCR	R0300 5,107
SCR	R0310 13,988
MCR cap	R0320 6,295
MCR floor	R0330 3,497
Combined MCR	R0340 5,107
Absolute floor of the MCR	R0350 2,249
	C0070
Minimum Capital Requirement	R0400 5,107

BIDDAC

S.28.02.01

Minimum capital Requirement - Both life and non-life insurance activity

All amounts are in Stg £'000

	Non-life activities MCR _(NL,NL) Result	Life activities MCR _(NL,L) R esult
	C0010	C0020
Linear formula component for non-life insurance and reinsurance obligations	-	-

Non-life activities

Life activities

Medical expense insurance and proportional reinsurance
 Income protection insurance and proportional reinsurance
 Workers' compensation insurance and proportional reinsurance
 Motor vehicle liability insurance and proportional reinsurance
 Other motor insurance and proportional reinsurance
 Marine, aviation and transport insurance and proportional reinsurance
 Fire and other damage to property insurance and proportional reinsurance
 General liability insurance and proportional reinsurance
 Credit and suretyship insurance and proportional reinsurance
 Legal expenses insurance and proportional reinsurance
 Assistance and proportional reinsurance
 Miscellaneous financial loss insurance and proportional reinsurance
 Non-proportional health reinsurance
 Non-proportional casualty reinsurance
 Non-proportional marine, aviation and transport reinsurance
 Non-proportional property reinsurance

	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
	C0030	C0040	C0050	C0060
R0020	-	-	-	-
R0030	-	-	-	-
R0040	-	-	-	-
R0050	-	-	-	-
R0060	-	-	-	-
R0070	-	-	-	-
R0080	-	-	-	-
R0090	-	-	-	-
R0100	-	-	-	-
R0110	-	-	-	-
R0120	-	-	-	-
R0130	-	-	-	-
R0140	-	-	-	-
R0150	-	-	-	-
R0160	-	-	-	-
R0170	-	-	-	-

BIDDAC

S.28.02.01

Minimum capital Requirement - Both life and non-life insurance activity

All amounts are in Stg £'000

	Non-life activities MCR _(L,NL) Result	Life activities MCR _(L,L) Result
	C0070	C0080
Linear formula component for life insurance and reinsurance obligations	R0200	R0200
	-	-

Non-life activities

Life activities

Obligations with profit participation - guaranteed benefits
 Obligations with profit participation - future discretionary benefits
 Index-linked and unit-linked insurance obligations
 Other life (re)insurance and health (re)insurance obligations
 Total capital at risk for all life (re)insurance obligations

	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
	C0090	C0100	C0110	C0120
R0210	-	 	-	
R0220	-	 	-	
R0230	-	 	-	
R0240	-	 	-	
R0250	 	-	 	-

BIDDAC**S.28.02.01****Minimum capital Requirement - Both life and non-life insurance activity**

All amounts are in Stg £'000

Overall MCR calculation

	C0130	
Linear MCR	R0300	-
SCR	R0310	-
MCR cap	R0320	-
MCR floor	R0330	-
Combined MCR	R0340	-
Absolute floor of the MCR	R0350	-
	C0130	
Minimum Capital Requirement	R0400	-

Notional non-life and life MCR calculation

	Non-life activities		Life activities	
	C0140		C0150	
Notional linear MCR	R0500	-	-	-
Notional SCR excluding add-on (annual or latest calculation)	R0510	-	-	-
Notional MCR cap	R0520	-	-	-
Notional MCR floor	R0530	-	-	-
Notional Combined MCR	R0540	-	-	-
Absolute floor of the notional MCR	R0550	-	-	-
Notional MCR	R0560	-	-	-

Appendix 2:

Quantitative Reporting Templates

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BADDAC**S.02.01.02****Balance sheet**

All amounts are in Stg £'000

	Solvency II value
	C0010
Assets	
Intangible assets	R0030 -
Deferred tax assets	R0040 143
Pension benefit surplus	R0050 -
Property, plant & equipment held for own use	R0060 -
Investments (other than assets held for index-linked and unit-linked contracts)	R0070 17,914
Property (other than for own use)	R0080 -
Holdings in related undertakings, including participations	R0090 -
Equities	R0100 -
Equities - listed	R0110 -
Equities - unlisted	R0120 -
Bonds	R0130 -
Government Bonds	R0140 -
Corporate Bonds	R0150 -
Structured notes	R0160 -
Collateralised securities	R0170 -
Collective Investments Undertakings	R0180 5,017
Derivatives	R0190 -
Deposits other than cash equivalents	R0200 12,897
Other investments	R0210 -
Assets held for index-linked and unit-linked contracts	R0220 -
Loans and mortgages	R0230 -
Loans on policies	R0240 -
Loans and mortgages to individuals	R0250 -
Other loans and mortgages	R0260 -
Reinsurance recoverables from:	R0270 -
Non-life and health similar to non-life	R0280 -
Non-life excluding health	R0290 -
Health similar to non-life	R0300 -
Life and health similar to life, excluding health and index-linked and unit-linked	R0310 -
Health similar to life	R0320 -
Life excluding health and index-linked and unit-linked	R0330 -
Life index-linked and unit-linked	R0340 -
Deposits to cedants	R0350 -
Insurance and intermediaries receivables	R0360 885
Reinsurance receivables	R0370 -
Receivables (trade, not insurance)	R0380 206
Own shares (held directly)	R0390 -
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400 -
Cash and cash equivalents	R0410 1,498
Any other assets, not elsewhere shown	R0420 -
Total assets	R0500 20,646

BADDAC**S.02.01.02****Balance sheet**

	Solvency II value
	C0010
Liabilities	
Technical provisions – non-life	R0510 -
Technical provisions – non-life (excluding health)	R0520 -
TP calculated as a whole	R0530 -
Best Estimate	R0540 -
Risk margin	R0550 -
Technical provisions - health (similar to non-life)	R0560 -
TP calculated as a whole	R0570 -
Best Estimate	R0580 -
Risk margin	R0590 -
Technical provisions - life (excluding index-linked and unit-linked)	R0600 286
Technical provisions - health (similar to life)	R0610 138
TP calculated as a whole	R0620 -
Best Estimate	R0630 136
Risk margin	R0640 2
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650 148
TP calculated as a whole	R0660 -
Best Estimate	R0670 123
Risk margin	R0680 25
Technical provisions – index-linked and unit-linked	R0690 -
TP calculated as a whole	R0700 -
Best Estimate	R0710 -
Risk margin	R0720 -
Contingent liabilities	R0740 -
Provisions other than technical provisions	R0750 -
Pension benefit obligations	R0760 1,831
Deposits from reinsurers	R0770 -
Deferred tax liabilities	R0780 -
Derivatives	R0790 -
Debts owed to credit institutions	R0800 -
Financial liabilities other than debts owed to credit institutions	R0810 -
Insurance & intermediaries payables	R0820 5,913
Reinsurance payables	R0830 -
Payables (trade, not insurance)	R0840 281
Subordinated liabilities	R0850 -
Subordinated liabilities not in BOF	R0860 -
Subordinated liabilities in BOF	R0870 -
Any other liabilities, not elsewhere shown	R0880 -
Total liabilities	R0900 8,311
Excess of assets over liabilities	R1000 12,335

BADDAC
S.12.01.02
Life and Health SLT Technical Provisions
All amounts are in Stg £'000

Technical provisions calculated as a whole
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole

Technical provisions calculated as a sum of BE and RM

Best Estimate
Gross Best Estimate
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default

Best estimate minus recoverables from reinsurance/SPV and Finite Re - total

Risk Margin
Amount of the transitional on Technical Provisions

Technical Provisions calculated as a whole

Best estimate

Risk margin

Technical provisions - total

	Insurance with profit participation	Index-linked and unit-linked insurance		Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, incl. Unit-Linked)
		C0030	Contracts without options and guarantees C0040	Contracts with options or guarantees C0050	C0060	Contracts without options and guarantees C0070			
R0010	-	-	-	-	-	-	-	-	-
R0020	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
R0030	-	-	-	-	123	-	-	-	123
R0080	-	-	-	-	-	-	-	-	-
R0090	-	-	-	-	123	-	-	-	123
R0100	-	-	-	25	-	-	-	-	25
	-	-	-	-	-	-	-	-	-
R0110	-	-	-	-	-	-	-	-	-
R0120	-	-	-	-	-	-	-	-	-
R0130	-	-	-	-	-	-	-	-	-
R0200	-	-	-	148	-	-	-	-	148

BADDAC
S.12.01.02
Life and Health SLT Technical Provisions

Technical provisions calculated as a whole
 Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole

Technical provisions calculated as a sum of BE and RM

Best Estimate
Gross Best Estimate
 Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default
 Best estimate minus recoverables from reinsurance/SPV and Finite Re - total

Risk Margin
Amount of the transitional on Technical Provisions
 Technical Provisions calculated as a whole
 Best estimate
 Risk margin

Technical provisions - total

	Health insurance (direct business)		Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)	
	Contracts without options and guarantees	Contracts with options or guarantees				
	C0160	C0170	C0180	C0190	C0200	C0210
R0010	-			-	-	-
R0020	-			-	-	-
R0030		136	-	-	-	136
R0080		-	-	-	-	-
R0090		136	-	-	-	136
R0100	2			-	-	2
R0110	-			-	-	-
R0120		-	-	-	-	-
R0130	-			-	-	-
R0200	138			-	-	138

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Non-life Insurance Claims Information

All amount All amounts are in Stg £'000

Total Non-Life Business

Accident year / Underwriting year	Z0010	n/a
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Gross Claims Paid (non-cumulative)
(absolute amount)

Year	Development year											In Current year	Sum of years (cumulative)
	0	1	2	3	4	5	6	7	8	9	10 & +		
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		
Prior	R0100	R0160	R0170	R0180	R0190	R0200	R0210	R0220	R0230	R0240	R0250		
N-9	R0100	-	-	-	-	-	-	-	-	-	-	R0100	-
N-8	R0160	-	-	-	-	-	-	-	-	-	-	R0160	-
N-8	R0170	-	-	-	-	-	-	-	-	-	-	R0170	-
N-7	R0180	-	-	-	-	-	-	-	-	-	-	R0180	-
N-6	R0190	-	-	-	-	-	-	-	-	-	-	R0190	-
N-5	R0200	-	-	-	-	-	-	-	-	-	-	R0200	-
N-4	R0210	-	-	-	-	-	-	-	-	-	-	R0210	-
N-3	R0220	-	-	-	-	-	-	-	-	-	-	R0220	-
N-2	R0230	-	-	-	-	-	-	-	-	-	-	R0230	-
N-1	R0240	-	-	-	-	-	-	-	-	-	-	R0240	-
N	R0250	-	-	-	-	-	-	-	-	-	-	R0250	-
Total												R0260	-

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Non-life Insurance Claims Information

All amount All amounts are in Stg £'000

Gross undiscounted Best Estimate Claims Provisions

(absolute amount)

Year	Development year											Year end (discounted)		
	0	1	2	3	4	5	6	7	8	9	10 & +	C0360		
	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300			
Prior	R0100	R0100	R0100	R0100	R0100	R0100	R0100	R0100	R0100	R0100	R0100	-	R0100	-
N-9	R0160	-	-	-	-	-	-	-	-	-	-		R0160	-
N-8	R0170	-	-	-	-	-	-	-	-	-	-		R0170	-
N-7	R0180	-	-	-	-	-	-	-	-	-	-		R0180	-
N-6	R0190	-	-	-	-	-	-	-	-	-	-		R0190	-
N-5	R0200	-	-	-	-	-	-	-	-	-	-		R0200	-
N-4	R0210	-	-	-	-	-	-	-	-	-	-		R0210	-
N-3	R0220	-	-	-	-	-	-	-	-	-	-		R0220	-
N-2	R0230	-	-	-	-	-	-	-	-	-	-		R0230	-
N-1	R0240	-	-	-	-	-	-	-	-	-	-		R0240	-
N	R0250	-	-	-	-	-	-	-	-	-	-		R0250	-
Total													R0260	-

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Impact of long term guarantees and transitional measures

All amounts are in Stg £'000

		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
Technical provisions	R0010	-	-	-	-	-
Basic own funds	R0020	-	-	-	-	-
Eligible own funds to meet Solvency Capital Requirement	R0050	-	-	-	-	-
Solvency Capital Requirement	R0090	-	-	-	-	-
Eligible own funds to meet Minimum Capital Requirement	R0100	-	-	-	-	-
Minimum Capital Requirement	R0110	-	-	-	-	-

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Own funds

All amounts are in Stg £'000

Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35

- Ordinary share capital (gross of own shares)
- Share premium account related to ordinary share capital
- Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings
- Subordinated mutual member accounts
- Surplus funds
- Preference shares
- Share premium account related to preference shares
- Reconciliation reserve
- Subordinated liabilities
- An amount equal to the value of net deferred tax assets
- Other own fund items approved by the supervisory authority as basic own funds not specified above

Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

Deductions

Deductions for participations in financial and credit institutions

Total basic own funds after deductions

Ancillary own funds

- Unpaid and uncalled ordinary share capital callable on demand
- Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand
- Unpaid and uncalled preference shares callable on demand
- A legally binding commitment to subscribe and pay for subordinated liabilities on demand
- Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC
- Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC
- Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC
- Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC
- Other ancillary own funds

Total ancillary own funds

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
R0010	3,500	3,500		-	
R0030	-	-		-	
R0040	-	-		-	
R0050				-	-
R0070	-	-		-	-
R0090	-			-	-
R0110	-			-	-
R0130	8,501	8,501			
R0140	-			-	-
R0160	143				143
R0180	-	-		-	-
R0220	223				
R0230	-	-		-	
R0290	11,921	12,001		-	143
R0300	-			-	
R0310	-			-	
R0320	-			-	-
R0330	-			-	-
R0340	-			-	
R0350	-			-	
R0360	-			-	
R0370	-			-	-
R0390	-			-	-
R0400	-			-	-

BADDAC**S.23.01.01****Own funds**

All amounts are in Stg £'000

Available and eligible own funds

Total available own funds to meet the SCR

Total available own funds to meet the MCR

Total eligible own funds to meet the SCR

Total eligible own funds to meet the MCR

SCR**MCR****Ratio of Eligible own funds to SCR****Ratio of Eligible own funds to MCR****Reconciliation reserve**

Excess of assets over liabilities

Own shares (held directly and indirectly)

Foreseeable dividends, distributions and charges

Other basic own fund items

Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds

Reconciliation reserve**Expected profits**

Expected profits included in future premiums (EPIFP) - Life business

Expected profits included in future premiums (EPIFP) - Non- life business

Total Expected profits included in future premiums (EPIFP)

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
R0500	11,921	12,001	-	-	143
R0510	11,778	12,001	-	-	
R0540	11,921	12,001	-	-	143
R0550	11,778	12,001	-	-	
R0580	1,582				
R0600	3,329				
R0620	754%				
R0640	354%				

	C0060
R0700	12,335
R0710	-
R0720	-
R0730	3,643
R0740	191
R0760	8,501
R0770	316
R0780	-
R0790	316

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S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

All amounts are in Stg £'000

Market risk
 Counterparty default risk
 Life underwriting risk
 Health underwriting risk
 Non-life underwriting risk
 Diversification
 Intangible asset risk
Basic Solvency Capital Requirement

Calculation of Solvency Capital Requirement

Operational risk
 Loss-absorbing capacity of technical provisions
 Loss-absorbing capacity of deferred taxes
 Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC

Solvency capital requirement excluding capital add-on

Capital add-on already set

Solvency capital requirement**Other information on SCR**

Capital requirement for duration-based equity risk sub-module
 Total amount of Notional Solvency Capital Requirement for remaining part
 Total amount of Notional Solvency Capital Requirements for ring fenced funds
 Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios
 Diversification effects due to RFF nSCR aggregation for article 304

	Gross solvency capital requirement	USP	Simplifications
	C0110	C0090	C0100
R0010	886	 	
R0020	607	 	
R0030	68	-	-
R0040	5	-	-
R0050	-	-	-
R0060	(349)	 	
R0070	-	 	
R0100	1,217	 	

	C0100
R0130	365
R0140	-
R0150	-
R0160	-
R0200	1,582
R0210	-
R0220	1,582
	
R0400	-
R0410	-
R0420	-
R0430	-
R0440	-

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Solvency Capital Requirement - for undertakings on Full Internal Models

All amounts are in Stg £'000

Unique number of component	Components description	Calculation of the Solvency Capital Requirement
C0010	C0020	C0030
-	-	-
-	-	-

Calculation of Solvency Capital Requirement

Total undiversified components

Diversification

Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC (transitional)

Solvency capital requirement excluding capital add-on

Capital add-ons already set

Solvency capital requirement

Other information on SCR

Amount/estimate of the overall loss-absorbing capacity of technical provisions

Amount/estimate of the overall loss-absorbing capacity of deferred taxes

Total amount of Notional Solvency Capital Requirements for remaining part

Total amount of Notional Solvency Capital Requirements for ring fenced funds (other than those related to business operated in accordance with Art. 4 of Directive 2003/41/EC (transitional))

Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios

Diversification effects due to RFF nSCR aggregation for article 304

	C0100
R0110	-
R0060	-
R0160	-
R0200	-
R0210	-
R0220	-
R0300	-
R0300	-
R0310	-
R0410	-
R0420	-
R0430	-
R0440	-

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S.28.01.01

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

All amounts are in Stg £'000

Linear formula component for non-life insurance and reinsurance obligations

	C0010
MCR _{NL} Result	R0010 -

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

Linear formula component for life insurance and reinsurance obligations

	C0040
MCR _L Result	R0200 228

	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
	C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210 -	
Obligations with profit participation - future discretionary benefits	R0220 -	
Index-linked and unit-linked insurance obligations	R0230 -	
Other life (re)insurance and health (re)insurance obligations	R0240 259	
Total capital at risk for all life (re)insurance obligations	R0250	318,467

Overall MCR calculation

	C0070
Linear MCR	R0300 228
SCR	R0310 1,582
MCR cap	R0320 712
MCR floor	R0330 396
Combined MCR	R0340 396
Absolute floor of the MCR	R0350 3,329
	C0070
Minimum Capital Requirement	R0400 3,329

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S.28.02.01

Minimum capital Requirement - Both life and non-life insurance activity

All amounts are in Stg £'000

	Non-life activities MCR _(NL,NL) Result	Life activities MCR _(NL,L) R esult
	C0010	C0020
Linear formula component for non-life insurance and reinsurance obligations	-	-

Non-life activities

Life activities

Medical expense insurance and proportional reinsurance
 Income protection insurance and proportional reinsurance
 Workers' compensation insurance and proportional reinsurance
 Motor vehicle liability insurance and proportional reinsurance
 Other motor insurance and proportional reinsurance
 Marine, aviation and transport insurance and proportional reinsurance
 Fire and other damage to property insurance and proportional reinsurance
 General liability insurance and proportional reinsurance
 Credit and suretyship insurance and proportional reinsurance
 Legal expenses insurance and proportional reinsurance
 Assistance and proportional reinsurance
 Miscellaneous financial loss insurance and proportional reinsurance
 Non-proportional health reinsurance
 Non-proportional casualty reinsurance
 Non-proportional marine, aviation and transport reinsurance
 Non-proportional property reinsurance

	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
	C0030	C0040	C0050	C0060
R0020	-	-	-	-
R0030	-	-	-	-
R0040	-	-	-	-
R0050	-	-	-	-
R0060	-	-	-	-
R0070	-	-	-	-
R0080	-	-	-	-
R0090	-	-	-	-
R0100	-	-	-	-
R0110	-	-	-	-
R0120	-	-	-	-
R0130	-	-	-	-
R0140	-	-	-	-
R0150	-	-	-	-
R0160	-	-	-	-
R0170	-	-	-	-

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S.28.02.01

Minimum capital Requirement - Both life and non-life insurance activity

All amounts are in Stg £'000

	Non-life activities MCR _(L,NL) Result	Life activities MCR _(L,L) Result
	C0070	C0080
Linear formula component for life insurance and reinsurance obligations	R0200	R0200
	-	-

Obligations with profit participation - guaranteed benefits
 Obligations with profit participation - future discretionary benefits
 Index-linked and unit-linked insurance obligations
 Other life (re)insurance and health (re)insurance obligations
 Total capital at risk for all life (re)insurance obligations

	Non-life activities	Life activities		
	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
	C0090	C0100	C0110	C0120
R0210	-	-	-	-
R0220	-	-	-	-
R0230	-	-	-	-
R0240	-	-	-	-
R0250	-	-	-	-

BADDAC**S.28.02.01****Minimum capital Requirement - Both life and non-life insurance activity**

All amounts are in Stg £'000

Overall MCR calculation

	C0130
Linear MCR	R0300 -
SCR	R0310 -
MCR cap	R0320 -
MCR floor	R0330 -
Combined MCR	R0340 -
Absolute floor of the MCR	R0350 -
	C0130
Minimum Capital Requirement	R0400 -

Notional non-life and life MCR calculation

	Non-life activities	Life activities
	C0140	C0150
Notional linear MCR	R0500 -	-
Notional SCR excluding add-on (annual or latest calculation)	R0510 -	-
Notional MCR cap	R0520 -	-
Notional MCR floor	R0530 -	-
Notional Combined MCR	R0540 -	-
Absolute floor of the notional MCR	R0550 -	-
Notional MCR	R0560 -	-