

Financial & Legal

Legal protection with a *personal touch*

Financial & Legal Insurance Company Limited

Solvency and Financial Condition Report (SFCR)

For the year ending 31st December 2016

Regulatory Firm Reference Number 202915

Company Number 03034220

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Executive Summary

This is the first Solvency Financial Condition Report (SFCR) for Financial and Legal Insurance Company Limited (the Company) based on the financial position as at 31st December 2016.

This report covers the Business and Performance of the Company, its System of Governance, Risk Management, Valuation for Solvency Purposes, and Capital Management. The ultimate administrative body that has the responsibility for all of these matters is the Company's board of directors, with the help of various governance and control functions that it has put in place to monitor and manage the business.

Financial and Legal Insurance Company Limited are a specialist legal expenses insurer primarily providing Before the Event and After the Event legal expenses insurance policies, although we do underwrite a small amount of Motor Breakdown Assistance insurance.

The overwhelming majority of the Company's business is in relation to After the Event insurance largely for personal injury in relation to road traffic accidents, employers' liability, public and occupiers' liability and industrial disease and deafness, although we do insure a small amount of clinical and dental negligence risks as well as other smaller miscellaneous schemes where it is prudent to do so in support of our core After the Event insurance business.

The Company also underwrites Before the Event insurance through insurance brokers or insurance intermediaries as well as a low volume of Motor Breakdown assistance and rescue business.

Financial and Legal Insurance Company Limited are authorised to insure the following classes of business:

- Class 16 Miscellaneous Financial Loss
- Class 17 Legal Expenses
- Class 18 Assistance

All of Before the Event insurance policies are on a claims made basis. The effect of this is to switch the long tail of these claims from the end to the front and at the same time assisting customers in handling their claim with the current insurer. It also provides for certainty in our results for each year rather than having to include, for each class of business, a provision for IBNR (Incurred But Not Reported) assumptions which can be subjective and lead to uncertainty.

After the Event business is sold principally through solicitors where premiums are deferred and contingent and payable only on successful cases at the end of a claim. Typically such claims supported by After the Event insurance have a life expectancy of between six months and three years but can be longer in exceptional or complex cases.

Directors' Responsibility Statement in respect of the Solvency and Financial Condition Report ("SFCR")

The Directors are responsible for preparing the Solvency and Financial Condition Reports in accordance with applicable law and regulations.

The PRA Rulebook for Solvency II firms in Rule 6.1(2) and Rule 6.2(1) of the reporting Part requires that the Company must have in place a policy of ensuring the ongoing appropriateness of any information disclosed and that the Company must ensure that its SFCR is approved by the directors.

Each director certifies that:

- (a) the Solvency and Financial Condition Report has been properly prepared in all material respects in accordance with the PRA rules and Solvency II Regulations;
- (b) throughout the financial year in question, the Company has complied in all material respects with the requirements of the PRA rules and Solvency II Regulations as applicable to the Company; and
- (c) it is reasonable to believe that, at the date of the publication of the SFCR, the Company has continued so to comply, and will continue so to comply in future.

By order of the board



M. Timmons
Director
22nd May 2017

REPORT OF THE EXTERNAL INDEPENDENT AUDITOR TO THE DIRECTORS OF FINANCIAL & LEGAL INSURANCE COMPANY LIMITED ('THE COMPANY') PURSUANT TO RULE 4.1 (2) OF THE EXTERNAL AUDIT CHAPTER OF THE PRA RULEBOOK APPLICABLE TO SOLVENCY II FIRMS

Report on the Audit of the relevant elements of the Solvency and Financial Condition Report ("SFCR")

Opinion

Except as stated below, we have audited the following documents prepared by the Company as at 31 December 2016:

- the 'Valuation for solvency purposes' and 'Capital Management' sections of the SFCR of the Company as at 31 December 2016, ('the Narrative Disclosures subject to audit'); and
- Company templates S02.01.02, S17.01.02, S23.01.01, S25.01.21 and S28.01.01 ('the Templates subject to audit').

The Narrative Disclosures subject to audit and the Templates subject to audit are collectively referred to as the 'relevant elements of the SFCR'.

We are not required to audit, nor have we audited, and as a consequence do not express an opinion on the Other Information which comprises:

- the 'Executive summary', 'Business and performance', 'System of governance' and 'Risk profile' elements of the SFCR;
- Company templates S05.01.02, S05.02.01 and S19.01.21;
- the written acknowledgement by management of their responsibilities, including for the preparation of the SFCR ('the Responsibility Statement').

In our opinion, the information subject to audit in the relevant elements of the SFCR of the Company as at 31 December 2016 is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based, as modified by relevant supervisory modifications, and as supplemented by supervisory approvals and determinations.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK and Ireland)). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the relevant elements of the Solvency and Financial Condition Report* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the SFCR in the UK, including the APB's Ethical Standards as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK and Ireland) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in the preparation of the SFCR is not appropriate; or
- the Directors have not disclosed in the SFCR any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the SFCR is authorised for issue.

We have nothing to report in relation to these matters.

Emphasis of Matter – Basis of Accounting

We draw attention to the 'Valuation for solvency purposes' and 'Capital Management' sections of the SFCR, which describe the basis of accounting. The SFCR is prepared in compliance with the financial reporting provisions of the PRA Rules and Solvency II regulations, and therefore in accordance with a special purpose financial reporting

framework. The SFCR is required to be published, and intended users include but are not limited to the PRA. As a result, the SFCR may not be suitable for another purpose. Our opinion is not modified in respect of these matters.

Other Information

The Directors are responsible for the Other Information.

Our opinion on the relevant elements of the SFCR does not cover the Other Information and, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the SFCR, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the relevant elements of the SFCR, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the relevant elements of the SFCR or a material misstatement of the Other Information. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors for the Solvency and Financial Condition Report

The Directors are responsible for the preparation of the SFCR in accordance with the financial reporting provisions of the PRA rules and Solvency II regulations.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a SFCR that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the relevant elements of the Solvency and Financial Condition Report

It is our responsibility to form an independent opinion as to whether the relevant elements of the SFCR are prepared, in all material respects, with financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based.

Our objectives are to obtain reasonable assurance about whether the relevant elements of the SFCR are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs (UK and Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decision making or the judgement of the users taken on the basis of the SFCR.

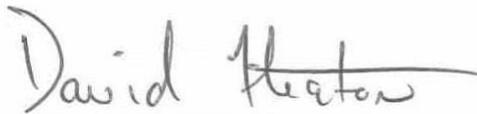
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities> The same responsibilities apply to the audit of the SFCR.

This report is made solely to the Directors of Financial & Legal Insurance Company Limited in accordance with Rule 4.1 (2) of the External Audit Chapter of the PRA Rulebook for Solvency II firms. We acknowledge that our report will be provided to the PRA for the use of the PRA solely for the purposes set down by statute and the PRA's rules. Our audit work has been undertaken so that we might state to the insurer's Directors those matters we are required to state to them in an auditor's report on the relevant elements of the SFCR and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the PRA, for our audit work, for this report or for the opinions we have formed.

Report on Other Legal and Regulatory Requirements.

In accordance with Rule 4.1 (3) of the External Audit Chapter of the PRA Rulebook for Solvency II firms we are required to consider whether the Other Information is materially inconsistent with our knowledge obtained in the audit of Financial & Legal Insurance Company's statutory financial statements. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

A handwritten signature in black ink that reads "David Heaton". The signature is written in a cursive style with a long horizontal stroke extending from the end of the name.

David Heaton (Senior statutory auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester
22 May 2017

Appendix – relevant elements of the Solvency and Financial Condition Report that are not subject to audit

- The relevant elements of the SFCR that are not subject to audit comprise elements of the Narrative Disclosures subject to audit identified as 'unaudited'; and
- Rows R0290 to R0310 in template S.17.01.02 - Amount of transitional measure on technical provisions

A: Business and Performance

A1. Business and external environment

Financial and Legal Insurance Company Limited are a United Kingdom based insurer authorised and regulated by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA). Contact details for the PRA and FCA can be found at:

- www.Bankofengland.co.uk/pru
- www.fca.org.uk

Financial and Legal Insurance registered and operating office:

Financial and Legal Insurance Company Limited
No 1. Lakeside
Cheadle Royal Business Park
Cheadle
SK8 3GW

Our auditors name and address:

Deloitte LLP
2 Hardman Street
Manchester
M3 3HF

Shareholding structure

Nicholas Garner, who is the Chief Executive Officer, is the majority shareholder and owns 85% of Financial and Legal Insurance.

A2. Performance form underwriting activities

The Company insures approximately 325,000 Before the Event and Motor Breakdown Assistance insurance risks which are made up as follows:

237,000	Motor
82,000	Family
4,000	Commercial
2,000	Motor breakdown assistance

In relation to After the Event Insurance over 58,000 new policies were issued in 2016 split as follows:

39,526	Motor
15,615	Non-Motor (Employers' Liability, Public Liability and Occupiers' Liability)
930	Industrial Disease and Deafness
2,020	Miscellaneous (includes clinical negligence, animal liability, holiday sickness and commercial disputes)

It can take many years for After the Event Insurance claims to settle and we experience cancellations or abandonment of a claim resulting in policy cancellation in a number of cases. The current number of After the Event insurance policies in force is shown below:

46,344	Motor
18,807	Non-Motor (Employers' Liability, Public Liability and Occupiers' Liability)
1,415	Industrial Disease and Deafness
2,246	Miscellaneous (includes clinical negligence, animal liability, holiday sickness and commercial disputes).

The overwhelming majority of risks insured are located in the United Kingdom, the Isle of Man or the Channel Islands with only 1,000 risks insured in the Republic of Ireland. Risks insured outside the United Kingdom are subject to any legal disputes being brought in a court within the jurisdiction of the United Kingdom.

All underwriting is carried out in the Company's office in Cheadle. In the year to 31st December 2016, the Company made an underwriting surplus of £530k. The table below shows a summary of the technical (underwriting) account.

Summary technical account for the year end 31st December 2016

Financial year	2016 £'000	2015 £'000
Gross Written Premiums	6,063	4,136
Provision for unearned premium	(1,157)	1,352
Technical income	58	192
Earned premium	4,963	5,679
Claims and provisions	(1,631)	(2,115)
Operating expenses	(2,802)	(3,211)
Balance on technical account	530	353

Reinsurance

The Company reinsures its commercial and clinical negligence After the Event insurance risks.

We have no appetite for any other type of reinsurance arrangement such as stop loss or excess of loss protection. The maturity of our book of After the Event business is such that any such arrangements would incur large minimum premiums with layers of protection that would be activated only in very extreme circumstances. We previously had a stop loss arrangement but following advice from an independent reinsurance broker it was considered that such an arrangement added no value or real reinsurance protection to our business

A3. Performance from investment activities

The Company operates an extremely risk averse investment policy with all funds held in cash, or cash equivalents, with U.K banks which are rated A, or higher. The total investment income generated in 2016 was £6,497.

A4. Operating/other expenses

The main areas of expense are policy linked payments (commission) and staff costs (salaries, pension, and ERS NIC). A breakdown of the operating expenses is listed below:

Financial year 2016		Total
		£'000
Insurance commissions		1,652
Staff costs		856
Other expenses		294
Total operating expenses		2,802

A5. Any other disclosures

There are no other disclosures.

B: System of Governance

B1. General governance arrangements

The board is currently made up as follows:

N D Garner - Chief Executive Officer

M F Timmons – Managing Director

A S Hughes – Chair of the Board and Non-Executive Director

S M Baldwin – Non Executive Director

Senior Insurance Management Functions are allocated as follows:

Function	Person
Chairman	A S Hughes
Chair of the Risk Committee	A S Hughes
Chair of the Audit Committee	A S Hughes
Chair of the Remuneration Committee	A S Hughes
Chief Executive function	N D Garner
Chief Finance function	N D Garner
Chief Risk function	M F Timmons
Chief Underwriting Officer function	M F Timmons
Head of Internal Audit function	M F Timmons
FCA Compliance	M F Timmons
FCA Money Laundering Reporting	M F Timmons
FCA Customer function	M F Timmons
Senior Independent Director	S M Baldwin

The board is responsible for the oversight of the business, and sets its strategy and risk appetite. The company secretary is Serena Garner.

There are also two other senior managers (Head of Business Development and Finance & Operations Manager) and there are currently 22 staff (excluding non-executive directors)

The board carries out its duties by:

- a. Attending all monthly management meetings and providing challenge and input to those meetings.
- b. Attending monthly board meetings to discuss issues arising from the management meetings in addition to addressing any issues requiring board approval or consent as well as addressing emerging legal, regulatory, market and performance risks and challenges.

The board is also responsible for the remuneration and audit committee as well as risk and compliance which form an integral part of the board meetings

B2. Fit and Proper Requirements

All board members, senior managers and claims and finance staff have to complete a fit and proper requirements form each year. The form is signed by each individual to ensure that such persons are and remain fit and proper to undertake their duties.

Due diligence checks are undertaken including an annual disclosure and barring check to ensure that we are aware of any criminal convictions or financial issues arising.

Each board member has a Statement of Responsibilities which sets out their responsibilities and what is expected of them.

B3. Risk Management System

Overview of risk system

Financial and Legal Insurance Company's risk system is embedded in all the procedures and processes that Financial and Legal Insurance Company follow. These procedures and processes are supported by its risk management policies which include:

- Bribery Policy
- Data Protection Policy
- Financial Crime Policy
- Whistle Blowing Policy.
- Conflicts of Interest Policy.
- Reputational Risk Policy.
- Risk Breaches & Failures Policy
- Treating Customers Fairly (TCF) Policy
- Complaint Handling Policy
- Vulnerable Clients Policy
- Money Laundering Policy
- Complaint Handling Procedure Policy
- Risk Breach and Failure Form
- Annual Fitness & Propriety Form
- Money Laundering Report Form

These policies are reviewed quarterly and updated where appropriate.

In addition there is a monthly requirement for all risk breaches and failures to be reported on an appropriate form (including nil declarations).

To protect against bribery and conflicts of interests all corporate hospitality has to be agreed in advance with the Managing Director and also reported on a monthly declaration form sent to all staff.

Overview of risk appetite document

The risk appetite document is regularly reviewed and discussed at monthly management meetings. The risk appetite document is the cornerstone of the risks we will, and will not accept. All new business or enhancements to existing contracts must meet the criteria in the risk appetite document and our processes have in place the requirement for the risk appetite to be checked for all new business and existing business enquiries.

Any risk outside the risk appetite has to receive board approval and be submitted with a business and financial case as to why we should accept the risks.

Summary of how emerging risks are managed – risk register, risk scoring and new and emerging risks

As part of the overall risk governance and appetite Financial and Legal Insurance Company:

- a. Monitor emerging risks by perusing the insurance and trade press, ICO, PRA, ABI, FCA websites and consultations and MOJ statements as well as statements from the Law Society, APIL, FOIL and MASS. In addition any intelligence from business partners and competitors is also carefully monitored and further enquiries made where appropriate. Where an emerging risk is identified it is evaluated and reported at the next monthly management and/or board meeting.

- b. In addition any issues with a particular business partner or lost case that may have wider ramifications is reported on and remedial action taken where appropriate.
- c. All new products have to be agreed by the board with a business case and confirmation that it meets risk appetite, treats customers fairly and, if necessary, the ORSA will be re-run with stress testing to ensure the efficacy of our capital position before launch.
- d. Risk breaches and risk failures are reported monthly.
- e. All complaints are monitored with root cause analysis and subsequent action.
- f. FOS website is monitored and FOS decisions built into the underwriting guide.
- g. Each month a statement is produced and circulated to all managers and key staff providing monthly updates from FCA, PRA, FOS, ICO and MOJ.

Risk register - Summary of legal and industry risks including new emerging and possible merging risks

Financial and Legal Insurance Company's risks are classified into;

- a. Operational
- b. Insurance
- c. Credit
- d. Financial
- e. Strategic
- f. Reputational
- g. Capital constraints

In assessing the risks under each classification Financial and Legal Insurance Company review Impact, Likelihood and Mitigation to produce a score and a financial value to attach to each risk following an evaluation of these risks. The outcome of this financial assessment is then built into Financial and Legal Insurance Company's ORSA calculations.

Summary of documented process for analysing new, emerging and possible future risks

Financial and Legal Insurance Company have in place processes to enable it to identify and analyse current financial and new and emerging risks.

Counsel's advice

For any legal or other changes which may affect Financial and Legal Insurance Company's business model, Financial and Legal Insurance Company will always seek QC counsel advice in writing to check the efficacy of the proposed processes or models to ensure that they do not breach any regulatory or legal positions.

ORSA (Own Risk and Solvency Assessment)

Content of the ORSA

The ORSA includes the Company's own assessment of its required capital and also references the Solvency capital requirement (SCR) and the Minimum Capital Requirement (MCR) as at 31st December 2016. The Company's capital strategy defines the amount of capital that must be held to cover the risk of losses occurring in the event that the Company goes into run off. Such losses are stressed to a level thus enabling the Company to arrive at its own perceived capital requirement in line with its risk appetite

The SCR defines the amount of capital that the Company must hold to satisfy regulatory requirements. The MCR defines the amount of absolute minimum capital that the Company must hold to avoid any regulatory intervention.

Roles and Responsibilities for producing the ORSA

The board is ultimately responsible for the production of the ORSA and for the efficacy of the content of the ORSA.

The Managing Director's and the Finance and Operation Manager's roles are to ensure that the correct risk appetite and governance is in place in ensuring that all risks, future risks and relevant parameters and stress and scenario testing are included in the ORSA for presentation to the board.

The board will, in reviewing each area and the proposed parameters, focus on the following and will challenge the results where relevant and where prudent to do so.

- a. The period affected
- b. Financials proposed
- c. Agree emerging and new risks as well as changes to existing risks
- d. Produce comment and feedback on proposed stress and scenario testing
- e. Discuss and challenge the stress and scenario analysis

The Managing Director and the Finance and Operation Manager will then undertake an appropriate review based on the challenge and feedback by the board and present their findings of this further review to the board in a revised ORSA.

Following further challenge and comment by the board, the Managing Director and the Finance and Operation Manager will then obtain agreement for the final parameters to be used in producing the ORSA to the board.

The Managing Director and the Finance and Operation Manager will then present the final ORSA reacting to any further challenges and a detailed sense check by the board.

Sign off of the ORSA by the board

Purpose of the ORSA

- a. This document sets out the policy, processes and procedures in developing the ORSA. It identifies the source documents which will be reviewed together with the management information, leading to the production of parameters which will then be used to produce the ORSA.
- b. The document will also set out the key management information and assumptions in producing the ORSA and how often such management information is produced and reviewed.
- c. The board act as the Administration, Management and Supervisory Body. These parameters will be the subject of challenge by the board and ultimate agreement for the subsequent production of the ORSA.
- d. This document also provides for the board to review the ORSA before finalising and sets out the reporting timelines as well as the communication methodology to our staff.
- e. The ORSA in its simplest form is a log of the risks facing a business over a longer time horizon than one year – with a financial value and a plan to ensure that we remain, from a worst case scenario, solvent and to have , at all times , adequate capital to support the business.

Period of ORSA

The ORSA is designed to cover the medium and long terms risks for the current and the next five years but takes into account the business fluctuations that we expect to occur in relation to policies issued prior to the ORSA and those policies which will be settled and earned over the next seven to ten years.

Frequency of the ORSA

The ORSA will be produced;

- a. Annually as agreed by the board which reflects the consistent and stable nature of the Company.
- b. At any other time if requested by the board or the senior management team.
- c. At any other time if there is any material change to the risks that we currently face or if there is any other emerging or new risks which may arise in the future. Such risks will include:
 - Court judgements
 - Changes in costs rules
 - Legal or legislative proposed and/or agreed changes – European or UK
 - Regulatory or compliance changes
 - Civil procedure rule changes
 - Any other changes which may affect the business and which may have a material effect on the ORSA
 - Material change to cancellation rates
 - Material change to claims experience – frequency and/or costs

B4. Internal Control System

The governance map is shown below in section B9. This map sets out the compliance functions in relation to complaints, risk register and policies (referred to in this report), risk breaches and risk failures, controls on corporate hospitality as well as treating customers fairly and customer satisfaction surveys. The functions undertaken by compliance feed into the monthly management meetings.

The management meetings are attended by the Chair of the Board, Chief Executive Officer, Managing Director, Non-Executive Director as well as the Finance and Operations Manager, Head of Business Development and the Claims Manager. The Managing Director has the responsibility for producing the management report which identifies underwriting performance, sales activity, performance towards strategic plans, key performance indicators and any relevant legal or regulatory changes or updates including emerging risks. The monthly financial accounts are also reviewed at these meetings.

Internal controls are embedded into processes which include the due diligence procedure for new business partners, conformity with the board agreed risk appetite and a robust process for new and existing business which ensures that at least three persons (including the Managing Director and Finance and Operations Manager) formally sign off new business terms before any contractual arrangements are entered into through compliance vetting.

The Managing Director reports directly to the Chief Executive Officer and the Finance and Operations Manager also independently reports directly to the Chief Executive Officer. This internal control is designed to ensure that there are no conflicts of interests in the production of financial accounts and business performance. Both the Managing Director and the Chief Executive Officer are directors who report to the board. A separate internal audit function is also in place to support the internal controls (see below).

B5. Internal Audit Function

The Company has appointed an independent compliance consultancy (specialising in insurance) to undertake an annual internal audit of systems and controls.

This independent audit reviews the risk register and related items, the detailed policies and procedures and seeks evidence of adherence to procedures and processes in relation to sales, solicitor management, underwriting, claims handling as well as compliance and complaint handling. In each area sample transactions for detailed independent testing is undertaken.

The internal audit report is always sent directly to the Chair of the Board to ensure no other influence on the content and findings in the internal audit.

The most recent internal audit identified some minor changes and action points but overall was very complementary on how the business was operated and run by those who have that responsibility.

B6. Actuarial function

- i. Article 48 of the Solvency II directive details the requirement of the need for an actuarial function:
- ii. Insurance and reinsurance undertakings shall provide for an effective actuarial function to:
 - a. coordinate the calculation of technical provisions;
 - b. ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;
 - c. assess the sufficiency and quality of the data used in the calculation of technical provisions;
 - d. compare best estimates against experience;
 - e. inform the administrative, management or supervisory body of the reliability and adequacy of the calculation of technical provisions;
 - f. oversee the calculation of technical provisions in the cases set out in Article 82;
 - g. express an opinion on the overall underwriting policy;
 - h. express an opinion on the adequacy of reinsurance arrangements; and
 - i. contribute to the effective implementation of the risk-management system referred to in Article 44, in particular with respect to the risk modelling underlying the calculation of the capital requirements set out in Chapter VI, Sections 4 and 5, and to the assessment referred to in Article 45.
 - o The actuarial function shall be carried out by persons who have knowledge of actuarial and financial mathematics, commensurate with the nature, scale and complexity of the risks inherent in the business of the insurance or reinsurance undertaking, and who are able to demonstrate their relevant experience.

The Company do not consider that we need to appoint a full time actuary for the following reasons:

- o The directive makes it clear that the appointment of an actuary needs to be commensurate with the scale, nature and complexity of the business
- o A full time actuary would be inappropriate for a small insurer – actuaries need to be in contact with each other and a single actuary operating a mono line insurer would not meet this requirement.
- o FLI have access to actuarial functionality if required from its accountants and have used this for certain tasks such as reverse stress testing.
- o FLI have a strong accountancy presence at board and lower levels (with appropriate accountancy and statistical qualifications) who understand the business and how it operates.
- o In line with our ORSA, FLI consider it imperative that wherever possible it does not outsource critical business functions but recognises the need for actuarial outsourced input when required.
- o To summarise FLI have both board and senior management qualified accountants as well as access to actuarial functionality when required and consequently do not consider that , as a mono line insurer, the appointment of a full time actuary is necessary. FLI also consider that not having a full time actuary is entirely consistent with the Solvency II directive in relation to proportionality and commensuration with its risks and appetite.

B7. Outsourcing

The company has appointed an independent compliance consultancy (specialising in insurance) to undertake an annual internal audit of systems and controls.

This independent audit reviews the risk register and related items, the detailed policies and procedures and seeks evidence of adherence to procedures and processes in relation to sales, solicitor management, underwriting, claims handling as well as compliance and complaint handling. In each area sample transactions for detailed independent testing is undertaken.

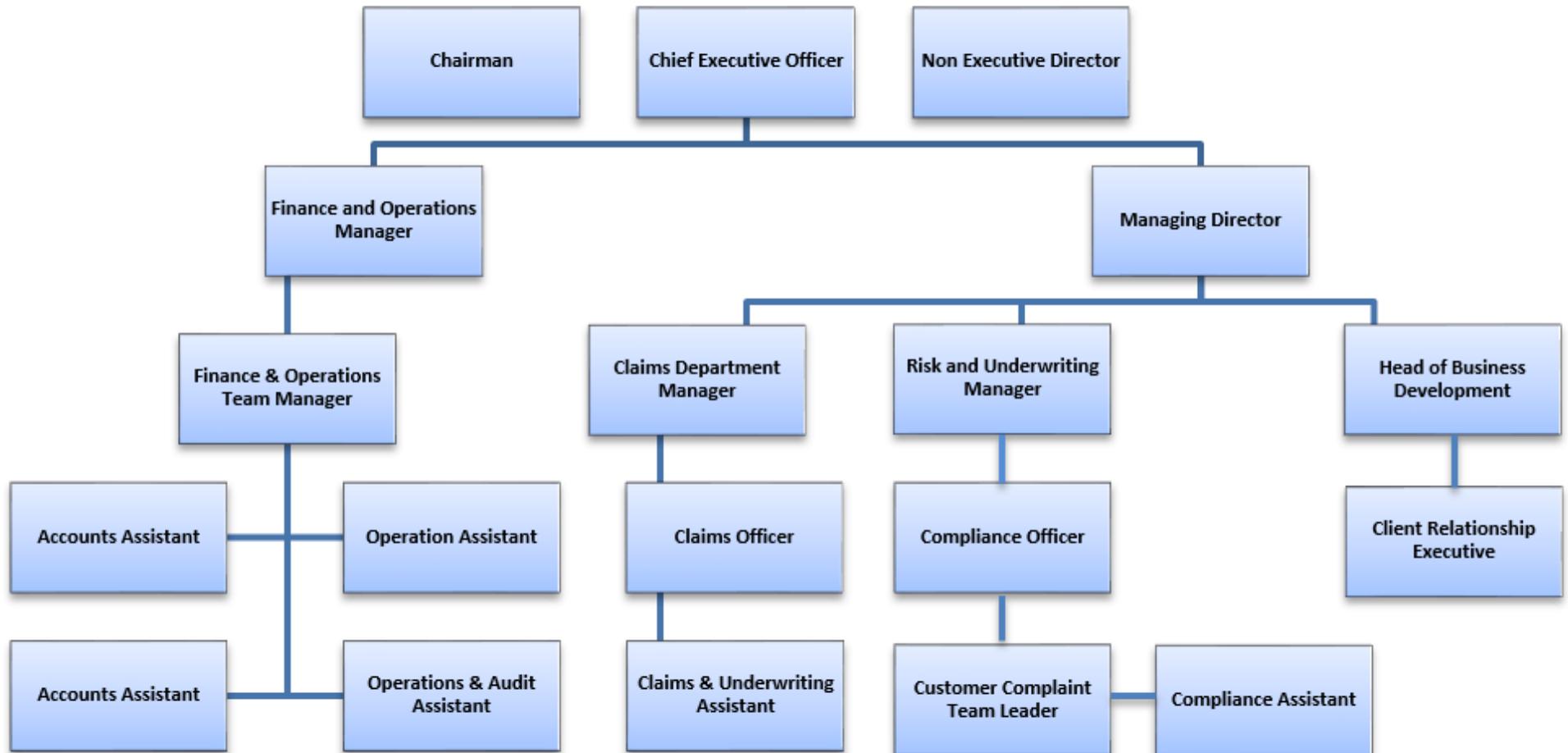
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The most recent internal audit identified some minor changes and action points but overall was very complementary on how the business was operated and run by those who have that responsibility.

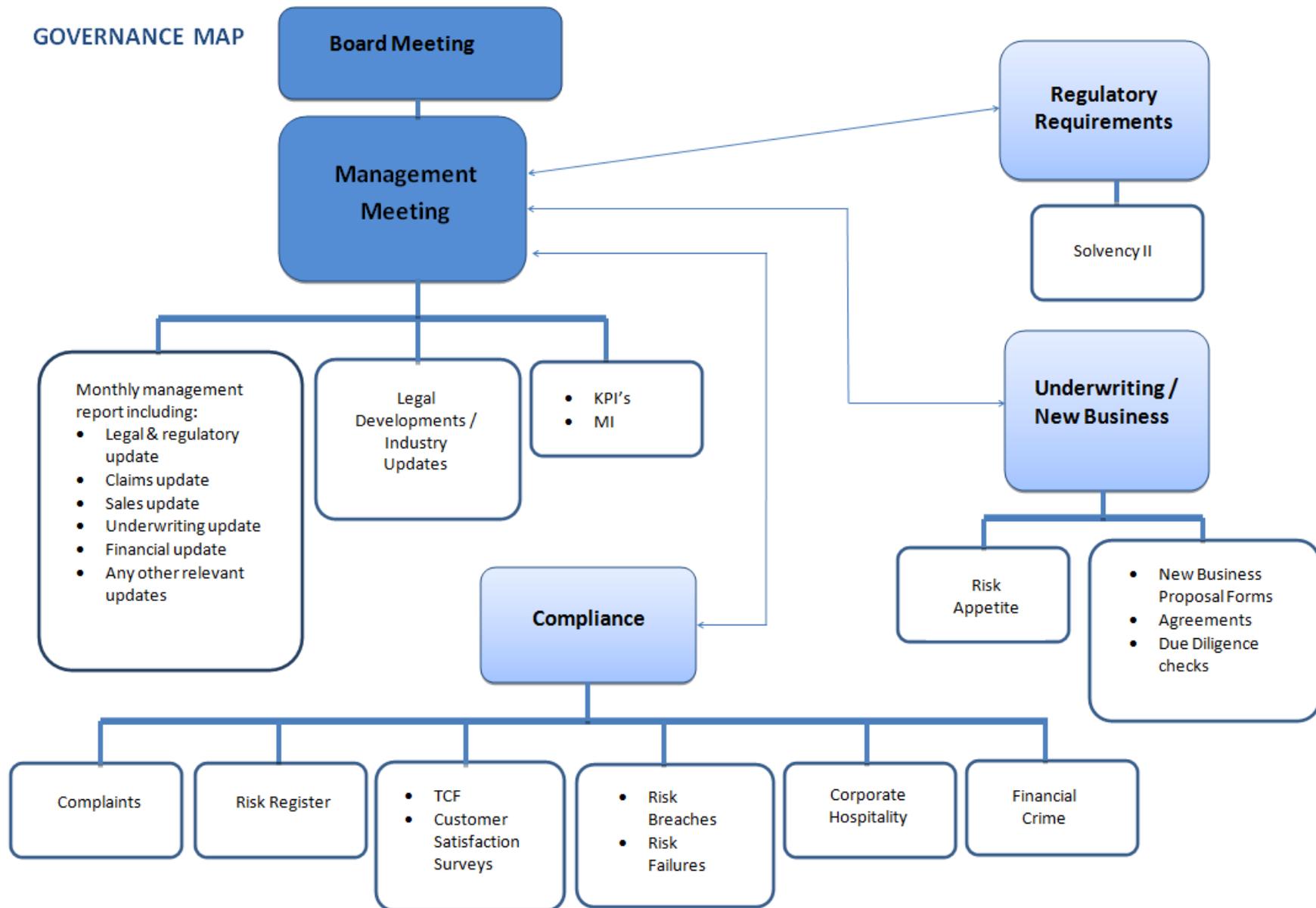
The company does not have any outsourcing arrangements in place except in relation to internal audits.

B8. Any other disclosures

Organisational Structure



Governance Map



C: Risk Management

C1. Underwriting Risk

As a Legal Expenses insurance company, the key underwriting risks which the Company is exposed to are set out below;

Adverse claim development (reserve risk):

The reserve risk is managed by the Company's underwriting team and by prudent reserving of individual claims and frequent reviews of estimates by the claims manager. All policies are claims made and calculated on an earned premium basis meaning if an account were to deteriorate, or be lost to a competitor, there should be sufficient reserves to ensure the run off does not have a negative impact on the business.

Inappropriate underwriting risk (premium)

This is managed by the Company's underwriting team and all underwriting practice is governed by the Risk Appetite which is updated and reviewed quarterly. The underwriting team ensures there is clear underwriting philosophy, procedures and controls in relation to pricing, selection criteria and diversification of risks.

Lapse risk

This is the decrease in future contracts used in the calculation of the technical provisions. The Lapse risk is managed through the sign up process which includes due diligence and senior manager sign off. Lapse risk is included in the non-life underwriting module of the SCR calculation below.

C2. Market Risk

The Company does not rely on income from its investments to fulfil its insurance liabilities. Fixed interest securities and deposits are kept at 'A' rated institutions and a limit is applied to any one institution. The company does not hold any bonds or structured credit.

C3. Credit Risk

The risks considered are that a bank or reinsurer defaults on amounts held for or due to the Company. The Company's exposure to credit risk has been assessed in the context of the credit worthiness of the relevant counterparties and is controlled and managed accordingly.

C4. Liquidity Risk

Liquidity is not a significant risk to the Company as it has surplus cash reserves. As at 31st December 2016 100% of the Company's investment assets are held in highly liquid short term cash deposits. Cash flow forecasts show no requirement for additional funding and operations can be comfortably funded from existing cash reserves.

C5. ALM Risk

The Company risk to asset liability management is restricted to liquidity and interest rate risk. The interest rate risk is deemed immaterial. The liquidity and funding risk is considered at management and board meetings on a monthly basis, with detailed projections, linked to financial forecasts presented by senior management.

C6. Operational Risk

Operational risk arises from inadequate processes or controls resulting in a breach or failure causing inaccurate processing of transactions or non-compliance with regulatory or legal obligations as well as the potential for contractual disputes with business partners. The Company has operational risk processes in place to mitigate this risk supported by a management information system which tracks transactions through to the financial accounts this enabling any anomalies to be easily identified and rectified.

C7. Other material risks

Increase in the small claims limit and the end of recovery of cash compensation for soft tissue injuries

Under significant events in this report we have identified that In February 2017 the Ministry of Justice published its response to the 'Reforming the soft tissue injury ('whiplash') claims process' consultation. The response provides further detail on the package of measures which are designed to disincentivise minor, exaggerated and fraudulent RTA related whiplash claims by:

- a. the introduction of a tariff of fixed compensation for pain, suffering and loss of amenity for claims with an injury duration of between 0 and 24 months;
- b. providing the judiciary with the facility to both decrease the amount awarded under the tariff in cases where there may be contributory negligence or to increase the award (with increases capped at no more than 20%) in exceptional circumstances;
- c. introducing a ban on both the offering, payment and requesting of offers to settle claims without medical evidence;
- d. increasing the small claims limit for Road Traffic Accident (RTA) related personal injury claims to £5,000; and
- e. Increasing the small claims limit for all other types of personal injury claim to £2,000.
- f. Items a to c above were to be introduced through provisions in the Prisons and Courts Bill which was proceeding through the parliamentary process. However, following the announcement of the general election which is to take place on the 8th June 2017, the Prison and Courts Bill has effectively been put on hold. Items d and e will be introduced through secondary legislative procedures, and it is the Government's intention to implement these reforms as a package once the Prisons and Courts Bill has completed its Parliamentary passage.

The changes will have a significant and material effect in relation to the Company's RTA business. The Company has been aware of and recognised, for some considerable time, this emerging risk and consequently, in line with its strategic direction, the reliance on RTA business had reduced significantly and will continue to do so in 2017.

The effect of the changes in relation to non RTA business is not considered to be significant.

The Company fully anticipates that as a consequence of any changes that it will be able to produce new products and models within parameters to ensure that access to justice for customers is protected. The Company does not expect the changes have any impact on the amount of capital required.

D: Valuation for solvency purposes

D1. Assets

The table below shows a valuation of the Company's assets at 31st December 2016.

Financial year 2016	As per GAAP	As per Solvency II
Total Assets	£'000	£'000
Investments and cash at bank	1,400	1,400
Insurance and intermediaries receivables	17,152	2,509
Fixed assets	6	6
Prepayments and accrued income	205	205
Total Assets	18,762	4,119

The Company's investments and cash at bank is valued for Solvency II purposes on the same basis as the UK GAAP valuation. All investments are instant access funds held in UK bank accounts. There are no estimates or judgements involved in valuing these assets, the value is as per the statement received from the institution holding the funds.

In the Solvency II balance sheet insurance and intermediaries receivables only includes amounts due at the valuation date. Any premium value which is not yet due, and the unearned value of commissions are included in the technical provision calculation below as per the Solvency II directive.

Prepayments and accrued income are valued for Solvency II on the same basis as the financial statements.

D2. Technical Provisions

The table below shows the calculation of the Company's technical provisions as 31st December 2016.

Financial year 2016	As per GAAP	As per Solvency II
Technical provisions	£'000	£'000
Technical provisions as a whole	12,013	
Best Estimate of Liability (BEL)		(894)
Reinsurance recoverables		250
Risk Margin		147
Adjustment for counterparty default risk		3
Discounted for future cashflow		6
Total Technical Provisions	12,013	(489)

The Best Estimate of Liabilities (BEL) is calculated based on all policies in force and on risk at 31st December 2016. Detailed analysis on a policy by policy basis has been undertaken to calculate the most likely aggregate outcome in terms of premium income, claims cost and commission cost. This method has been refined throughout the year when compared to actual results. The allocation of overheads is done based on prior year staff activity which is linked to the issued date of the policy and on the basis that the firm continues to issue new policies.

Reinsurance recoverables are calculated using the same methodology as above and reduce the best estimate of liabilities.

The Risk Margin is added in order that the cost of capital to support the Company's SCR is included. The prescribed rate used is 6% per annum.

The future cashflows in question have been discounted as per EIOPA's rate curve.

D3. Other Liabilities

The table below the Company's other liabilities at 31st December 2016.

Financial year 2016	As per GAAP	As per Solvency II
Total Other Liabilities	£'000	£'000
Amounts due to introducers	2,935	305
Other creditors	500	500
Accruals and deferred income	318	318
Total Other Liabilities	3,752	1,122

The amounts due to introducers under GAAP is calculated based on the contract in force with the individual introducer. Under GAAP the amount which will be due on premiums which are not currently due is included. For the purpose of Solvency II this amount is removed and included in the calculation of technical premiums. The remaining value is related to income which has been earned prior to valuation date.

Other creditors is IPT, PAYE and corporation tax due at valuation date and the Solvency II valuation is the same as under GAAP.

Accruals are valued according to GAAP and relate to expenses already incurred prior to valuation date. There are no differences between the GAAP and Solvency II calculations.

D4. Any other disclosures

The Company does not use any alternative methods for valuation

E: Capital Management

E1. Own Funds

The table below shows the Company's capital and reserves at 31st December 2016.

Financial year 2016 Capital and reserves	As per GAAP £'000	As per Solvency II £'000
Called up share capital	1,480	1,480
Profit and loss account	1,517	1,517
Reconciliation reserve	-	489
Total capital and reserves	2,997	3,486

All own funds are classified as Tier 1. The Company has no ancillary own fund amounts.

E2. Minimum capital requirement (MCR) and solvency capital requirement (SCR)

The table below shows the Company's MCR and SCR as at 31st December 2016.

Financial year 2016	Total £'000
MCR	2,251
SCR	2,474

The MCR is the greater of the absolute, linear, and combined MCR. The absolute minimum capital requirement (AMCR) is calculated using the Solvency II guidelines based on the classes of business written (17 & 18). On that basis the AMCR is €2.5M which is converted to GBP using the PRA year end rate of 0.9005 to give an AMCR of £2.3M as shown above. The linear and combined MCR calculations both produce values lower than the AMCR and therefore the figure of £2.3M is used as the MCR.

The table below shows the modules which make up the Company's SCR at 31st December 2016. The SCR is calculated using the Solvency II standard formula.

Financial year 2016	Total £'000
Market risk	1
Counterparty risk	114
Non life underwriting and reserve risk	2,264
Basic SCR undiversified	2,379
Diversification credit	(56)
Basic SCR	2,323
Operational risk	151
SCR	2,474

The table below shows the Company's solvency ratios as at 31st December 2016. The ratios are calculated as own funds divided by the named capital requirement.

Financial year 2016		Total
Solvency ratios		1:1
MCR		1.55
SCR		1.41

E3. The option set out in Article 305b used for the calculation of its solvency capital requirement

This section is not applicable to the company.

E4. Differences between the standard formula and any internal models used

The company operates the standard model and therefore this section is not applicable to the company.

E5. Non-compliance with the minimum capital requirement and significant non-compliance with the solvency capital requirement

The company complied with both its MCR and SCR at all times during the year ended 31st December 2016

E6. Any other disclosures

There are no other disclosures.

SFCR Templates

The following quantitative reporting templates (QRTs) are shown below.

QRT ref	QRT name
S.02.01.02	Balance Sheet
S.05.01.02	Premiums, claims and expenses
S.05.02.01	Premiums, claims and expenses by country
S.17.01.02	Non life technical provisions
S.23.01.01	Own Funds
S.25.01.21	Solvency Capital Requirement – for undertakings on Standard Formula
S.28.01.01	Minimum Capital Requirement – Only Life or only non-life insurance or reinsurance activity

S.02.01.01

Balance sheet

Liabilities

	Solvency II value	Statutory accounts value
	C0010	C0020
R0510 Technical provisions - non-life	-738,461.00	12,013,192.00
R0520 <i>Technical provisions - non-life (excluding health)</i>	-738,461.00	12,013,192.00
R0530 <i>TP calculated as a whole</i>	0.00	
R0540 <i>Best Estimate</i>	-885,732.00	
R0550 <i>Risk margin</i>	147,271.00	
R0560 <i>Technical provisions - health (similar to non-life)</i>	0.00	
R0570 <i>TP calculated as a whole</i>	0.00	
R0580 <i>Best Estimate</i>	0.00	
R0590 <i>Risk margin</i>	0.00	
R0600 Technical provisions - life (excluding index-linked and unit-linked)	0.00	0.00
R0610 <i>Technical provisions - health (similar to life)</i>	0.00	
R0620 <i>TP calculated as a whole</i>		
R0630 <i>Best Estimate</i>		
R0640 <i>Risk margin</i>		
R0650 <i>Technical provisions - life (excluding health and index-linked and unit-linked)</i>	0.00	
R0660 <i>TP calculated as a whole</i>		
R0670 <i>Best Estimate</i>		
R0680 <i>Risk margin</i>		
R0690 Technical provisions - index-linked and unit-linked	0.00	
R0700 <i>TP calculated as a whole</i>		
R0710 <i>Best Estimate</i>		
R0720 <i>Risk margin</i>		
R0730 Other technical provisions		
R0740 Contingent liabilities		
R0750 Provisions other than technical provisions		
R0760 Pension benefit obligations		
R0770 Deposits from reinsurers		
R0780 Deferred tax liabilities		
R0790 Derivatives		
R0800 Debts owed to credit institutions		
R0810 Financial liabilities other than debts owed to credit institutions		
R0820 Insurance & intermediaries payables	257,453.00	2,509,238.00
R0830 Reinsurance payables	31,886.00	410,048.00
R0840 Payables (trade, not insurance)	15,698.00	15,698.00
R0850 Subordinated liabilities	0.00	0.00
R0860 <i>Subordinated liabilities not in BOF</i>		
R0870 <i>Subordinated liabilities in BOF</i>	0.00	
R0880 Any other liabilities, not elsewhere shown	817,157.00	817,157.00
R0900 Total liabilities	383,733.00	15,765,333.00
R1000 Excess of assets over liabilities	3,485,863.00	2,997,129.00

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

Line of Business for: non-life insurance and reinsurance obligations (direct	Total	
Legal expenses insurance		
C0100	C0200	
Premiums written		
R0110 Gross - Direct Business	5,935,648.00	5,935,648.00
R0120 Gross - Proportional reinsurance accepted		0.00
R0130 Gross - Non-proportional reinsurance accepted		0.00
R0140 Reinsurers' share	-127,434.00	-127,434.00
R0200 Net	6,063,082.00	6,063,082.00
Premiums earned		
R0210 Gross - Direct Business	5,032,355.00	5,032,355.00
R0220 Gross - Proportional reinsurance accepted		0.00
R0230 Gross - Non-proportional reinsurance accepted		0.00
R0240 Reinsurers' share	69,074.00	69,074.00
R0300 Net	4,963,281.00	4,963,281.00
Claims incurred		
R0310 Gross - Direct Business	1,631,241.00	1,631,241.00
R0320 Gross - Proportional reinsurance accepted		0.00
R0330 Gross - Non-proportional reinsurance accepted		0.00
R0340 Reinsurers' share		0.00
R0400 Net	1,631,241.00	1,631,241.00
Changes in other technical provisions		
R0410 Gross - Direct Business		0.00
R0420 Gross - Proportional reinsurance accepted		0.00
R0430 Gross - Non-proportional reinsurance accepted		0.00
R0440 Reinsurers' share		0.00
R0500 Net	0.00	0.00
R0550 Expenses incurred	2,801,694.00	2,801,694.00
R1200 Other expenses		
R1300 Total expenses		2,801,694.00

S.05.02.01

Premiums, claims and expenses by country

	C0010	C0020	C0030	C0040	C0050	C0060	C0070
Non-life	Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0080	C0090	C0100	C0110	C0120	
R0010							
	Premiums written						
R0110	5,935,648.00						5,935,648.00
R0120							0.00
R0130							0.00
R0140	-127,434.00						-127,434.00
R0200	6,063,082.00	0.00	0.00	0.00	0.00	0.00	6,063,082.00
	Premiums earned						
R0210	5,032,355.00						5,032,355.00
R0220							0.00
R0230							0.00
R0240	69,074.00						69,074.00
R0300	4,963,281.00	0.00	0.00	0.00	0.00	0.00	4,963,281.00
	Claims incurred						
R0310	1,631,241.00						1,631,241.00
R0320							0.00
R0330							0.00
R0340							0.00
R0400	1,631,241.00	0.00	0.00	0.00	0.00	0.00	1,631,241.00
	Changes in other technical provisions						
R0410							0.00
R0420							0.00
R0430							0.00
R0440							0.00
R0500	0.00	0.00	0.00	0.00	0.00	0.00	0.00
R0550	1,149,614.00						1,149,614.00
R1200							
R1300							1,149,614.00

S.17.01.02
Non-Life Technical Provisions

Direct business and accepted proportional reinsurance	Total Non-Life obligation
Legal expenses insurance	

	C0110	C0180
R0010 Technical provisions calculated as a whole	0.00	0.00
R0020 Direct business		0.00
R0050 Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole		0.00

Technical provisions calculated as a sum of BE and RM

Best estimate

Premium provisions

R0060 Gross - Total	-1,976,775.00	-1,976,775.00
R0070 Gross - direct business	-1,976,775.00	-1,976,775.00
R0100 Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	0.00	0.00
R0110 Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses		0.00
R0120 Recoverables from SPV before adjustment for expected losses		0.00
R0130 Recoverables from Finite Reinsurance before adjustment for expected losses		0.00
R0140 Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	-249,727.00	-249,727.00
R0150 Net Best Estimate of Premium Provisions	-1,727,048.00	-1,727,048.00

Claims provisions

R0160 Gross - Total	1,091,043.00	1,091,043.00
R0170 Gross - direct business	1,091,043.00	1,091,043.00
R0200 Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	0.00	0.00
R0210 Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses		0.00
R0220 Recoverables from SPV before adjustment for expected losses		0.00
R0230 Recoverables from Finite Reinsurance before adjustment for expected losses		0.00
R0240 Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default		0.00
R0250 Net Best Estimate of Claims Provisions	1,091,043.00	1,091,043.00

R0260 Total best estimate - gross	-885,732.00	-885,732.00
R0270 Total best estimate - net	-636,005.00	-636,005.00

R0280 Risk margin	147,271.00	147,271.00
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Amount of the transitional on Technical Provisions

R0290 TP as a whole		0.00
R0300 Best estimate		0.00
R0310 Risk margin		0.00

R0320 Technical provisions - total	-738,461.00	-738,461.00
R0330 Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	-249,727.00	-249,727.00
R0340 Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	-488,734.00	-488,734.00

Line of Business (LoB): further segmentation (Homogeneous Risk Groups)

R0350 Premium provisions - Total number of homogeneous risk group	4	
R0360 Claims provisions - Total number of homogeneous risk groups	4	

Cash-flows of the Best estimate of Premium Provisions (Gross)

Cash out-flows		
R0370 Future benefits and claims	1,091,043.00	1,091,043.00
R0380 Future expenses and other cash out-flows	1,508,001.00	1,508,001.00
Cash in-flows		
R0390 Future premiums	3,591,633.00	3,591,633.00
R0400 Other cash in-flows (incl. Recoverables from salvages and subrogations)		0.00

Cash-flows of the Best estimate of Claims Provisions (Gross)

Cash out-flows		
R0410 Future benefits and claims	1,386,115.00	1,386,115.00
R0420 Future expenses and other cash out-flows		0.00
Cash in-flows		
R0430 Future premiums		0.00
R0440 Other cash in-flows (incl. Recoverables from salvages and subrogations)		0.00

R0450 Percentage of gross Best Estimate calculated using approximations	100.00%	
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R0460 Best estimate subject to transitional of the interest rate		0.00
R0470 Technical provisions without transitional on interest rate		0.00
R0480 Best estimate subject to volatility adjustment		0.00
R0490 Technical provisions without volatility adjustment and without others transitional measures		0.00

S.19.01.21
 Non-Life insurance claims
 Total Non-life business

Z0010 Accident year / underwriting year Underwriting Year

Gross Claims Paid (non-cumulative)														
(absolute amount)														
Year	C0010	C0020	C0030	C0040	Development year					C0090	C0100	C0110	C0170	C0180
	0	1	2	3	4	5	6	7	8	9	10 & +	In Current year	Sum of years (cumulative)	
R0100	Prior											0.00	0.00	0.00
R0160	N-9	16,000.00	13,000.00	22,000.00	31,000.00	18,000.00	41,000.00	35,000.00	3,000.00	10,000.00	0.00	0.00	189,000.00	
R0170	N-8	2,000.00	3,000.00	27,000.00	87,000.00	99,000.00	54,000.00	99,000.00	10,000.00	0.00		0.00	381,000.00	
R0180	N-7	4,000.00	46,000.00	147,000.00	177,000.00	99,000.00	95,000.00	36,000.00	0.00			0.00	604,000.00	
R0190	N-6	7,000.00	133,000.00	230,000.00	257,000.00	286,000.00	103,000.00	136,875.00				136,875.00	1,152,875.00	
R0200	N-5	9,000.00	197,000.00	269,000.00	383,000.00	196,000.00	129,210.00					129,210.00	1,183,210.00	
R0210	N-4	19,000.00	191,000.00	485,000.00	339,000.00	351,135.00						351,135.00	1,385,135.00	
R0220	N-3	27,000.00	291,000.00	366,000.00	301,888.00							301,888.00	985,888.00	
R0230	N-2	30,000.00	236,000.00	267,371.00								267,371.00	533,371.00	
R0240	N-1	77,000.00	310,806.00									310,806.00	387,806.00	
R0250	N	62,537.00										62,537.00	62,537.00	
R0260												Total	1,559,822.00	6,864,822.00

S.23.01.01
Own Funds

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

- R0010 Ordinary share capital (gross of own shares)
- R0030 Share premium account related to ordinary share capital
- R0040 Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings
- R0050 Subordinated mutual member accounts
- R0070 Surplus funds
- R0090 Preference shares
- R0110 Share premium account related to preference shares
- R0130 Reconciliation reserve
- R0140 Subordinated liabilities
- R0160 An amount equal to the value of net deferred tax assets
- R0180 Other own fund items approved by the supervisory authority as basic own funds not specified above

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
1,480,000.00	1,480,000.00		0.00	
0.00	0.00		0.00	
0.00	0.00		0.00	
0.00		0.00	0.00	0.00
0.00	0.00			
0.00		0.00	0.00	0.00
0.00		0.00	0.00	0.00
2,005,863.00	2,005,863.00			
0.00		0.00	0.00	0.00
0.00				0.00
0.00	0.00	0.00	0.00	0.00

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

- R0220 Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

0.00	< Note: this deduction now included in R0290/C0020			
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Deductions

- R0230 Deductions for participations in financial and credit institutions

0.00				
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- R0290 Total basic own funds after deductions

3,485,863.00	3,485,863.00	0.00	0.00	0.00
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Ancillary own funds

- R0300 Unpaid and uncalled ordinary share capital callable on demand
- R0310 Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand
- R0320 Unpaid and uncalled preference shares callable on demand
- R0330 A legally binding commitment to subscribe and pay for subordinated liabilities on demand
- R0340 Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC
- R0350 Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC
- R0360 Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC
- R0370 Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC
- R0390 Other ancillary own funds
- R0400 Total ancillary own funds

0.00				
0.00				
0.00				
0.00				
0.00				
0.00				
0.00				
0.00				
0.00				
0.00				
0.00			0.00	0.00

Available and eligible own funds

- R0500 Total available own funds to meet the SCR
- R0510 Total available own funds to meet the MCR
- R0540 Total eligible own funds to meet the SCR
- R0550 Total eligible own funds to meet the MCR

3,485,863.00	3,485,863.00	0.00	0.00	0.00
3,485,863.00	3,485,863.00	0.00	0.00	
3,485,863.00	3,485,863.00	0.00	0.00	0.00
3,485,863.00	3,485,863.00	0.00	0.00	

- R0580 SCR
- R0600 MCR
- R0620 Ratio of Eligible own funds to SCR
- R0640 Ratio of Eligible own funds to MCR

2,474,390.02
2,251,250.00
140.88%
154.84%

Reconciliation reserve

- R0700 Excess of assets over liabilities
- R0710 Own shares (held directly and indirectly)
- R0720 Foreseeable dividends, distributions and charges
- R0730 Other basic own fund items
- R0740 Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
- R0760 Reconciliation reserve

C0060				
3,485,863.00				
0.00				
1,480,000.00				
0.00				
2,005,863.00				

Expected profits

- R0770 Expected profits included in future premiums (EPIFP) - Life business
- R0780 Expected profits included in future premiums (EPIFP) - Non- life business
- R0790 Total Expected profits included in future premiums (EPIFP)

488,734.00
488,734.00

S.25.01.01
Solvency Capital Requirement - for undertakings on Standard Formula

Z0010

Article 112 Regular reporting

	Net solvency capital requirement	Gross solvency capital requirement	Allocation from adjustments due to RFF and Matching adjustments portfolios	USP	Simplifications
	C0030	C0040	C0050	C0080	C0090
R0010 Market risk	790.00	790.00	0.00		
R0020 Counterparty default risk	114,320.75	114,320.75	0.00		
R0030 Life underwriting risk			0.00		
R0040 Health underwriting risk			0.00		
R0050 Non-life underwriting risk	2,263,946.18	2,263,946.18	0.00		
R0060 Diversification	-55,637.55	-55,637.55			
R0070 Intangible asset risk		0.00			
R0100 Basic Solvency Capital Requirement	2,323,419.38	2,323,419.37			

	ΣCorr x SCR				
	net	gross			
	595356.7	595356.7			
mkt	1	0.25	0.25	0.25	0.25
def	0.25	1	0.25	0.25	0.5
life	0.25	0.25	1	0.25	0
health	0.25	0.25	0.25	1	0
nl	0.25	0.5	0	0	1
	TS SCR.1.32				
	2323419	2323419			
	√ΣCorr x SCR x SCR				

- Calculation of Solvency Capital Requirement**
- R0120 Adjustment due to RFF/MAP nSCR aggregation
 - R0130 Operational risk
 - R0140 Loss-absorbing capacity of technical provisions
 - R0150 Loss-absorbing capacity of deferred taxes
 - R0160 Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC
 - R0200 Solvency Capital Requirement excluding capital add-on**
 - R0210 Capital add-ons already set
 - R0220 Solvency capital requirement**
- Other information on SCR**
- R0400 Capital requirement for duration-based equity risk sub-module
 - R0410 Total amount of Notional Solvency Capital Requirements for remaining part
 - R0420 Total amount of Notional Solvency Capital Requirements for ring fenced funds
 - R0430 Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios
 - R0440 Diversification effects due to RFF nSCR aggregation for article 304
 - R0450 Method used to calculate the adjustment due to RFF/MAP nSCR aggregation
 - R0460 Net future discretionary benefits

C0100
150,970.65
0.00
2,474,390.02
2,474,390.02
No adjustment

