# SOLVENCY AND FINANCIAL CONDITION REPORT (SFCR)

**ARGUS INSURANCE COMPANY (EUROPE) LTD.**

FINANCIAL YEAR END: 31 MARCH 2024

ARGUS

Our Interest is You.

## OUR VISION

To give more and more people the freedom to do what matters most.

## OUR MISSION

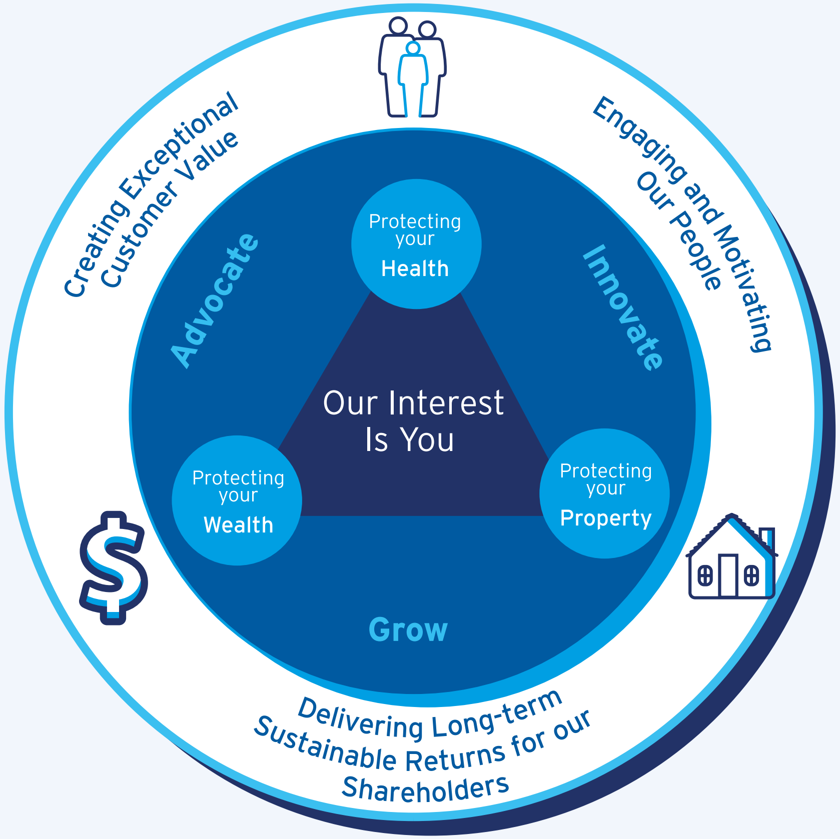
To provide financial services which predict and protect for the future, always ensuring "Our Interest is You".

## OUR PURPOSE

At Argus, our purpose is to deliver long-term sustainable returns to our shareholders through exceptional customer service, delivered by engaging and motivating our staff. "Our Interest is You" spans across all stakeholders as we seek to provide exceptional value through the solutions and services that we offer.

## OUR VALUES

Integrity
Fairness
Excellence
Respect
Professionalism
Teamwork



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# EXECUTIVE SUMMARY

This report is published annually to satisfy the public disclosure requirements of the Financial Services (Insurance Companies) Regulations 2020. It provides material information relating to business performance, system of governance, risk profile, solvency, and capital management.

Argus Insurance Company (Europe) Limited (AICEL or the Company) is a wholly owned subsidiary of Argus Group Holdings Limited (Group), its ultimate parent company, based in Bermuda.

AICEL is registered and domiciled in Gibraltar and is authorised and regulated by the Gibraltar Financial Services Commission (GFSC) under the Gibraltar Financial Services Act 2019, and the Financial Services (Insurance Companies) Regulations 2020, as amended by the Financial Services (Insurance Companies) (Amendment) (EU Exit) Regulations 2021). AICEL also undertakes business through its overseas third country branch in Malta (Malta Branch) registered with the Malta Business Registry and regulated by the Malta Financial Services Authority (MFSA).

AICEL offers a broad range of general insurance products to both commercial and individual customers in Gibraltar and Malta. Products are distributed through selected intermediaries and direct to the public in Gibraltar, and through selected intermediaries and tied insurance intermediaries in Malta.

AICEL's strategic focus is to ensure long-term sustainability through the continued development of strong relationships with key brokers, the expansion of profitable product lines, and by focusing on client retention and organic growth.

For the financial year ended 31 March 2024, Argus Group and the Company adopted IFRS 17 and IFRS 9 financial reporting standards. The 2024 financial year is the first full year results reported under the new reporting standards, with 2023 comparatives restated for comparison purpose. The adoption of IFRS 17 has no impact on the Group's strategy, however, it does have an impact on the timing of recognition of reported profits, and on the presentation of both the IFRS income statement and balance sheet

For the financial year ended 31 March 2024, AICEL underwrote gross written premium of £25.8 million up from £23.0 million, the previous year, marking a £2.7 million (12%) increase. We reported a loss before tax of £1.2 million, a decrease of £3.6 million compared to the profit of £2.4 million for the year ended 31 March 2023. Despite the loss, the Company has consistently exceeded the Solvency Capital Requirements (SCR) and the Minimum Capital Requirements (MCR) throughout the year.

The Solvency Capital Requirement (SCR) and Minimum Capital Requirements (MCR) for the Company is reported quarterly and calculated by the Group's Actuarial function using the Standard Formula model. For the purposes of determining solvency coverage, the balance sheet requires specific valuation rules to be applied as outlined in Sections D and E of this report, meaning that there are differences between the 'Solvency' balance sheet and that reported in the Company's annual statutory financial statements. The table to the right shows overall net assets on a statutory financial statement (or Statutory) and Solvency II basis as at 31 March 2024.

| £'000 | Solvency II | Statutory Accounts |
|---|---|---|
| Total Assets | 46,736 | 42,839 |
| Total Liabilities | 32,774 | 28,087 |
| Own Funds | 13,962 | 14,751 |
| SCR | **9,884** | |
| Solvency coverage | **141%** | |

The Company exceeded the SCR and MCR throughout the year and has continuously complied with all aspects of the Solvency II regulations from the date of first implementation on 1 January 2016.

Peter Dunkerley
Director
5 July, 2024

Alex Bonavia
Director
5 July, 2024

# BUSINESS AND PERFORMANCE

## 1.1 BUSINESS

AICEL is a Gibraltar company that is 100% owned by Argus Group Holdings (Europe) Limited, also a Gibraltar registered company. Argus Group Holdings (Europe) Limited is 100% owned by Argus Group Holdings Limited, a Bermuda registered company.

The principal activities of the Company are Insurance and Risk Management.

| | |
|---|---|
| Name of the Undertaking | **Argus Insurance Company (Europe) Limited**<br>Unit G.04 West One, Europort Road, Gibraltar, GX11 1AA<br>Tel: + 350 200 79520<br>Fax: + 350 200 70942<br>Company Registration Number: 01862 |
| Lines of Business | Motor (Liability and Other)<br>Property<br>Marine<br>Liability<br>Accident |
| Financial Supervisory Authority | **Gibraltar Financial Services Commission**<br>PO Box 940, Suite 3, Ground Floor,<br>Atlantic Suites, Europort Avenue, Gibraltar<br>Tel: + 350 200 40283<br>Fax: + 350 200 40282 |
| External Auditor | **EY Ltd**<br>Suite 3C Regal House,<br>3 Queensway, Gibraltar<br>Tel: + 350 200 13239 |

### ARGUS INSURANCE COMPANY (EUROPE) LIMITED SIMPLIFIED GROUP STRUCTURE

**ARGUS GROUP HOLDINGS LIMITED**
(Bermuda)
Company No: 36868

100%

**ARGUS GROUP HOLDINGS (EUROPE) LIMITED**
(Gibraltar)
Company No: 122399

100%

**ARGUS INSURANCE COMPANY (EUROPE) LIMITED**
(Gibraltar)
Company No: 01862

**MALTA REGISTERED OVERSEAS THIRD COUNTRY BRANCH MBR**
Registration No: OC 1216

# UNDERWRITING PERFORMANCE

## 1.2 UNDERWRITING PERFORMANCE

Argus Group and the Company adopted IFRS 17 accounting standard for the first time in the year ended 31 March 2024. The Company's performance in this report uses restated 2023 comparatives as a result of the adoption of IFRS 17.

For the year ended 31 March 2024, the Company reported a loss of £1.2 million, representing a 150% decrease compared to the previous year. This reduction was primarily due to a substantial increase in claims expenses (both Gibraltar and Malta), the reclassification of unrealized investment losses from prior years (previously recognized through other comprehensive income) now reclassified to the income statement as part of the transition to IFRS 9 (both Gibraltar and Malta), and adjustments related to IFRS 17 risk adjustments and discounting (Malta).

### Total Underwriting Performance

| (£'000) | 2024 | 2023 | Variance | Variance % |
|---|---|---|---|---|
| **Gross written premiums** | 25,727 | 23,039 | 2,688 | 12% |
| Insurance revenue | 24,602 | 21,372 | 3,230 | 15% |
| Insurance service expenses | (15,988) | (14,077) | (1,911) | (14%) |
| Net expense from reinsurance contracts incurred | (4,562) | (1,513) | (3,049) | (202%) |
| **Net insurance service result** | **4,052** | **5,782** | **(1,730)** | **(30%)** |
| Investment income | (266) | 261 | (527) | (202%) |
| Net finance expenses from insurance contracts | (877) | (14) | (863) | (6164%) |
| Net finance income from reinsurance contracts | 207 | 9 | 198 | 2200% |
| **Net financial result** | **(936)** | **256** | **(1,192)** | **(466%)** |
| Other income | 173 | 37 | 136 | 368% |
| Operating expenses | (4,495) | (3,663) | (832) | (23%) |
| **(LOSS) / PROFIT BEFORE TAX** | **(1,206)** | **2,412** | **(3,618)** | **(150%)** |

# UNDERWRITING PERFORMANCE

The following tables provide breakdowns of the underwriting performance for the years ended 31 March 2024 and 2023 by lines of business.

**Gibraltar & Malta Combined Underwriting Performance Report: Results for the year ended 31 March 2024**

| (£'000) | Accident | Motor | Marine | Property | Liability | Total |
|---|---|---|---|---|---|---|
| **Gross written premiums** | **2,705** | **14,443** | **491** | **5,409** | **2,679** | **25,727** |
| Insurance revenue | 2,441 | 14,245 | 483 | 4,966 | 2,467 | 24,602 |
| Insurance service expenses | (885) | (11,178) | (348) | (3,184) | (393) | (15,988) |
| Net expense from reinsurance contracts incurred | (296) | (1,908) | (175) | (1,465) | (718) | (4,562) |
| **Net insurance service result** | **3,965** | **15,602** | **451** | **5,726** | **4,035** | **4,052** |
| Investment income | | | | | | (266) |
| Net finance expenses from insurance contracts | | | | | | (877) |
| Net finance income from reinsurance contracts | | | | | | 207 |
| **Net financial result** | | | | | | **(936)** |
| Other income | | | | | | 173 |
| Operating expenses | | | | | | (4,495) |
| **LOSS BEFORE TAX** | | | | | | **(1,206)** |

**Gibraltar & Malta Combined Underwriting Report: Results for the year ended 31 March 2023**

| (£'000) | Accident | Motor | Marine | Property | Liability | Total |
|---|---|---|---|---|---|---|
| **Gross written premiums** | **2,360** | **12,882** | **511** | **4,695** | **2,335** | **22,783** |
| Insurance revenue | 1,561 | 12,235 | 582 | 5,668 | 1,328 | 21,372 |
| Insurance service expenses | (492) | (10,023) | (292) | (2,648) | (622) | (14,077) |
| Net expense from reinsurance contracts incurred | (58) | (859) | (45) | (574) | 23 | (1,513) |
| **Net insurance service result** | **1,011** | **1,353** | **245** | **2,446** | **727** | **5,782** |
| Investment income | | | | | | 261 |
| Net finance expenses from insurance contracts | | | | | | (14) |
| Net finance income from reinsurance contracts | | | | | | 9 |
| **Net financial result** | | | | | | **257** |
| Other income | | | | | | 37 |
| Operating expenses | | | | | | (3,663) |
| **PROFIT BEFORE TAX** | | | | | | **2,412** |

# UNDERWRITING PERFORMANCE

The following tables provide breakdowns of the underwriting performance for the years ended 31 March 2024 and 2023 by geographical areas.

Gibraltar profit before tax for the year ended 31 March 2024 (£0.1 million) decreased by 93% compared to prior year. Despite a 10% increase in insurance revenue, there was a reduction in profit primarily due to unfavourable claims development and the reclassification of unrealised losses, as mentioned above.

### Gibraltar Underwriting Performance

| (£'000) | 2024 | 2023 | Variance | Variance % |
|---|---|---|---|---|
| **Gross written premiums** | 11,776 | 10,527 | 1,249 | 12% |
| Insurance revenue | 11,026 | 10,021 | 1,00 | 10% |
| Insurance service expenses | (5,356) | (4,525) | (831) | (18%) |
| Net expense from reinsurance contracts incurred | (2,796) | (2,090) | (706) | (34%) |
| **Net insurance service result** | **2,874** | **3,406** | **(532)** | **(16%)** |
| Investment income | (132) | 230 | (362) | (157%) |
| Net finance expenses from insurance contracts | (417) | 18 | (435) | (2417%) |
| Net finance income from reinsurance contracts | 78 | 3 | 75 | 2500% |
| **Net financial result** | **(471)** | **251** | **(722)** | **(288%)** |
| Other income | 37 | 15 | 22 | 151% |
| Operating expenses | (2,345) | (2,353) | 8 | (0%) |
| **PROFIT BEFORE TAX** | **95** | **1,319** | **(1,222)** | **(93%)** |

For the year ended 31 March 2024, the Malta Branch reported a loss of £1.3 million. Despite a 20% increase in insurance revenue, the Malta Branch experienced a deterioration in the year-end result of 219%, primarily due to unfavourable claims development, the reclassification of unrealised losses, and IFRS 17 adjustments.

### Malta Underwriting Performance

| (£'000) | 2024 | 2023 | Variance | Variance % |
|---|---|---|---|---|
| **Gross written premiums** | 13,951 | 12,256 | 1,695 | 14% |
| Insurance revenue | 13,576 | 11,351 | 2,225 | 20% |
| Insurance service expenses | (10,632) | (9,552) | (1,080) | (11%) |
| Net expense from reinsurance contracts incurred | (1,766) | 577 | (2,343) | (406%) |
| **Net insurance service result** | **1,178** | **2,376** | **(1,198)** | **(50%)** |
| Investment income | (134) | 31 | (165) | (532%) |
| Net finance expenses from insurance contracts | (460) | (32) | (428) | (1338%) |
| Net finance income from reinsurance contracts | 129 | 6 | 123 | 2050% |
| **Net financial result** | **(465)** | **5** | **(476)** | **(9400%)** |
| Other income | 136 | 22 | 114 | 518% |
| Operating expenses | (2,150) | (1,310) | (840) | (64%) |
| **(LOSS) / PROFIT BEFORE TAX** | **(1,301)** | **1,093** | **(2,394)** | **(219%)** |

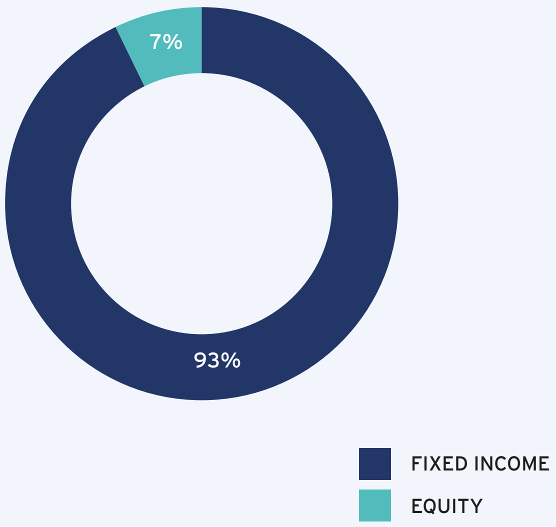
# INVESTMENT PERFORMANCE

### 1.3 INVESTMENT PERFORMANCE

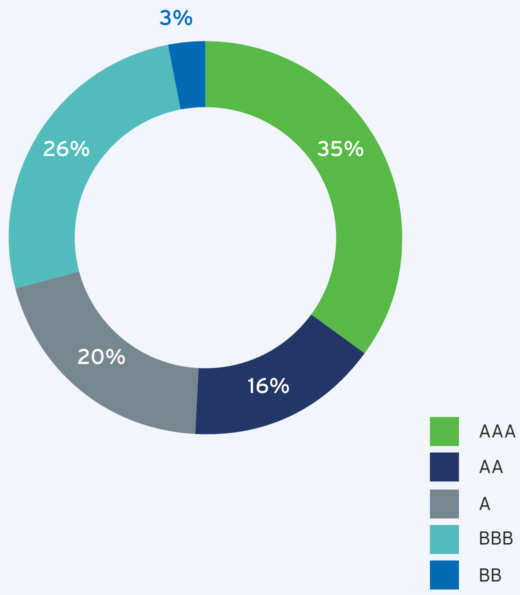
The Company's investment portfolio is designed to ensure funds are readily available to satisfy our obligation to policyholders and to enhance shareholder value by generating appropriate long-term risk-adjusted yields.

93% of the Company's investments are fixed income bonds of which 98% are investment graded. The portfolio's weighted average fixed income credit quality is A+, and its weighted average duration is 2.41 years.

INVESTMENT ASSETS 2024




FIXED INCOME PORTFOLIO RATINGS 2024



# INVESTMENT PERFORMANCE

For the year ended 31 March 2024, the consolidated investments yielded a positive return of £1.3 million, a surplus of £1.9 million when compared with the prior year deficit of £0.6 million. The increase in return was driven by a recovery in market conditions largely due to unrealised gains experienced throughout the year.

The table below provides a breakdown of the Company's investment portfolio by asset class along with the total returns generated for the years ended 31 March 2024 and 2023. Of this, a loss of £0.3 million was recognized through the income statement, while unrealised gains of £1,6 million were recorded in other comprehensive income (OCI). This is due to a reclassification adjustment from IAS 39 to IFRS 9 accounting policy of £1,4 million between the income statement and OCI.

| | 2024 | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| (£'000) | Asset Balance | Net Investment Income | OCI | Total Return | Asset Balance | Net Investment Income | OCI | Total Return |
| Fixed Income | 26,872 | (304) | 1,407 | 1,103 | 24,637 | 154 | (887) | (733) |
| Equities | 2,072 | 38 | 157 | 195 | 2,279 | 107 | (29) | 78 |
| **TOTAL** | **28,944** | **(266)** | **1,564** | **1,298** | **26,916** | **261** | **(916)** | **(655)** |

The table below provides a breakdown of (loss)/income generated under each asset class:

| | 2024 | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| (£'000) | Net Interest Income | Realised Gains | Unrealised Movement Via OCI | Total Return | Net Interest Income | Realised Gains | Unrealised Movement Via OCI | Total Return |
| Fixed Income | 426 | (730) | 1,407 | 1,103 | 180 | (26) | (887) | (733) |
| Equities | 38 | - | 157 | 195 | 72 | 35 | (29) | 78 |
| **TOTAL** | **464** | **(730)** | **1,564** | **1,298** | **252** | **9** | **(916)** | **(655)** |

During the fiscal year, the Company's consolidated fixed income assets generated a net loss of £0.3 million, of which the Sterling Portfolio contributed a loss of £0.2 million and the Euro Portfolio contributed £0.1 million loss. The income is comprised of interest income and realised losses of £0.4 million which was offset by amortisation gains and investment manager fee expense of £0.1 million. Under the current accounting treatment of fixed income securities, £1.4 million of unrealised losses will flow through OCI on to the balance sheet.

During the fiscal year, the Company consolidated equity investments generated a net income of £0.04 million comprised solely of dividend income. Unrealised equity gains on available for sale investments of £0.2 million will flow through OCI.

## 1.4 PERFORMANCE OF ANY OTHER ACTIVITIES

No other income generating activity other than the carrying on of insurance business is undertaken by AICEL.

## 1.5 ANY OTHER INFORMATION

None.

# GOVERNANCE

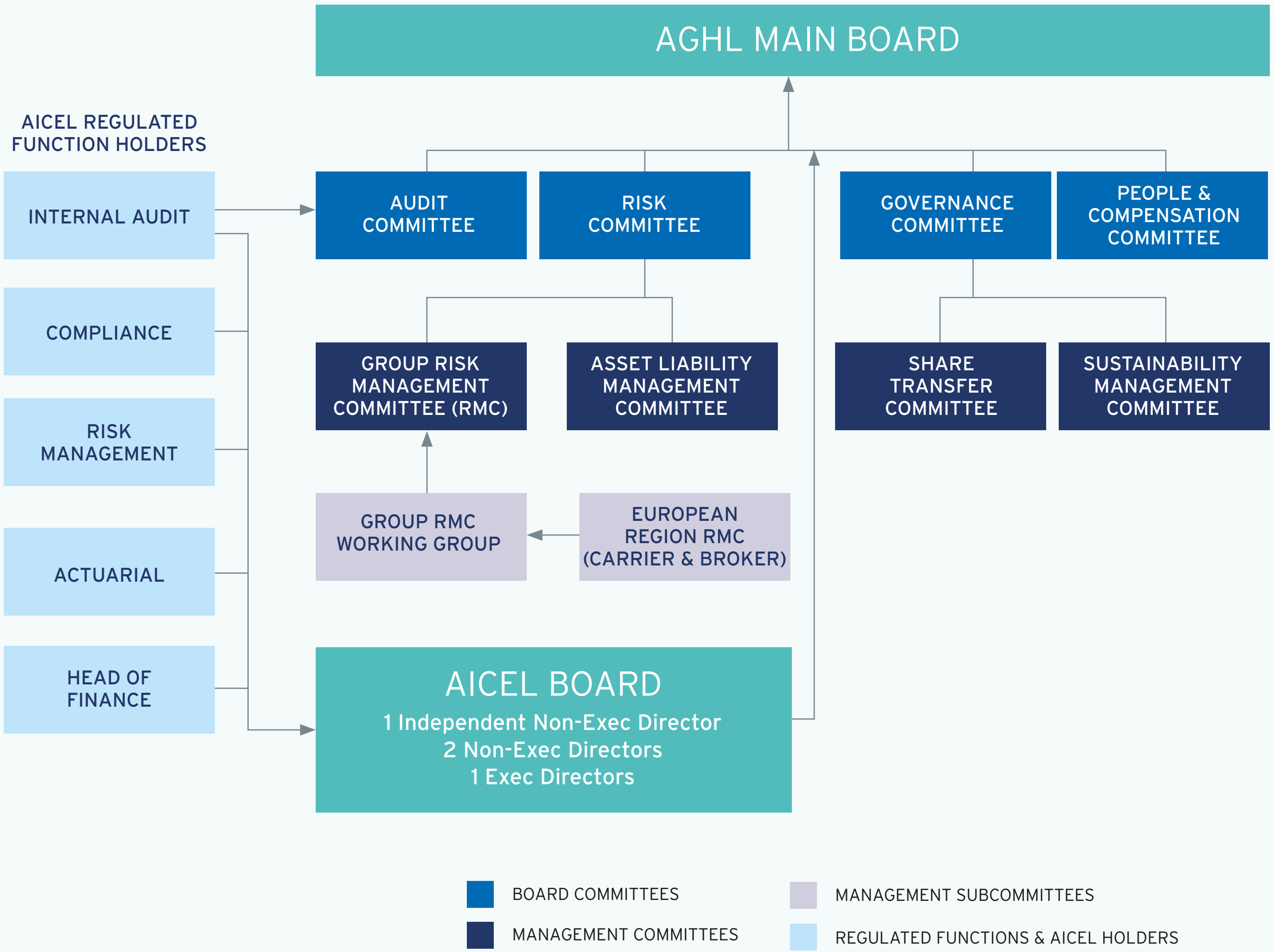
## 2.1 GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

The Board of directors ("Board") establish the company's purpose, values and strategy and have overall responsibility for oversight of the Company including the Malta Branch, and for ensuring that the management of the Company ("Management") complies with the legal and regulatory requirements in both jurisdictions. The Board adhere to the Articles of Association, which details each director's statutory and fiduciary duties under Gibraltar law.

**The Company's Board of Directors are:**

| | |
|---|---|
| **Keith Abercromby** | Non-Executive Director and Chairman |
| **Michael Macelli** | Independent Non-Executive Director |
| **Constantinos Miranthis** | Non-Executive Director |
| **Peter Dunkerley** | Executive Director |
| **Alex Bonavia** | Executive Director |

Management is responsible for the day-to-day operations and administration of the Company. AICEL operates within the following Group governance structure:



# GOVERNANCE

The European Regional Risk Management Committee - Carrier (EURRMC), chaired by the Senior Risk Manager, ensures alignment of the AICEL risk governance framework to that of the Argus Group regional operating model. In financial year ending 2025, the Group RMC Working Group and the EURRMC will be replaced with a Global Risk Management Committee - Product, and a Global Risk Management Committee - Governance, Risk, and Compliance. Both these committees will report into the executive Group Risk Management Committee which in turn reports to the Group Risk Committee.

**Group Audit Committee**
The Group Audit Committee is tasked with assisting the Group Board of Directors in fulfilling its oversight responsibilities for the Company's financial reporting process, the system of internal controls, the audit process, as well as the Company's process for monitoring compliance with laws and regulations and the code of conduct.

**Group Risk Committee**
The Group Risk Committee is tasked with assisting the Group Board of Directors in fulfilling its oversight responsibilities for the Company's risk management, assets liability management and financial investments (the latter as defined in the Group's Investment Policy), as well as the Company's process for monitoring overall compliance with those matters.

**Group People and Compensation Committee (P&C)**
The Group's compensation programme is a key component of our talent management strategy and incentivises forward-looking activities that generates long-term sustainable value. The Company's remuneration packages offered to staff are designed to attract, retain and motivate high quality employees. Both fixed and variable remuneration is offered. Fixed remuneration is given in the form of a base salary and is determined by taking into account an individual's experience and qualifications.

Variable remuneration is discretionary and takes the form of a cash bonus and is available to all staff. Three factors that impact the variable remuneration are the Company's market position, individual employee's performance and the Group's ability to meet its financial and strategic targets. The granting of restricted Group stock is at the discretion of the P&C Committee. When determining stock distributions, consideration is given to further enhance the Group's ability to retain the services of key employees.

Comprehensive salary reviews are conducted as part of the annual performance appraisal process. The Human Resource department ensures that remuneration is internally equitable and aligned with market-competitive compensation levels.

The P&C Committee is empowered to review and approve key compensation policies on behalf of the Group and to ensure that such policies provide total compensation which is competitive in the marketplace. The role of the P&C Committee is the annual review and approval of the Company's remuneration and compensation policies. This includes the executive total compensation plan structure, short-term incentive compensation plans, review of performance evaluations and equity-based plans to the Company's executive officers and other designated senior officers. Additionally, the Committee is charged with oversight of plans for the Chief Executive Officer (CEO) and senior officers' development and succession.

# GOVERNANCE

**Group Governance Committee**
The Group Governance Committee is tasked with organising and overseeing the process by which individuals are nominated to become board members along with matters of corporate governance, including advising the Board on matters of

- board organisation, membership and function;
- committee structure and membership; and
- conduct of board and shareholder meetings.

The Group Governance Committee also plays an integral role in the appointment of directors to subsidiary boards and committees establishing selection criteria and periodically reviewing the structure, operation, composition processes and practices of the boards and committees.

The Company has not established its own separate remuneration committee and therefore maintains a Remuneration Policy which is set by the Group. The Company has three Non-Executive Directors who receive a fixed fee which has no variable or performance-related elements. The remaining Executive Directors are employees of the Company or from the Group and are therefore remunerated based on their employment contract. The Executive Directors receive no additional remuneration or share options based upon their role as Directors.

During the year the Company did not pay a dividend to the Group (£nil paid in 2024) but management fees have been paid in the amount of £0.7 million from the Company to its parent. There were no other material transactions between the Company and Group.

## 2.2 FIT & PROPER REQUIREMENTS

The Board recognise that the "Fit and Proper" requirements demand certain qualities for persons responsible for the oversight and management of a financial services provider and those with responsibility for its key functions.

The Company has in place and Fit and Proper Policy. The Board ensures that any candidates proposed for membership on the Board, or for other key functions or roles, are assessed to ensure that they fulfil fit and proper requirements. This assessment takes into account their responsibilities, skills, and experience across the following areas:

- Insurance and financial services
- Business Strategy and Models
- Systems of governance
- Regulatory frameworks and requirements
- Financial and actuarial analysis; and
- Skills relevant to individual roles and responsibilities

Due diligence checks include verification of identification and address. Searches on due diligence databases are carried out and the candidate is asked to declare any interests to enable the Board to review whether they conflict with the Company's interests. All conflicts of interest identified are recorded on a Log.

# GOVERNANCE

Fit and Proper requirements are ongoing and are assessed on an annual basis in accordance with the Company's Fit and Proper Policy.

The Board has not established its own committee for this purpose. All candidates for election as non-executive directors are determined by the Group P&C Committee and Governance Committee.

The Board has collectively demonstrated a diverse mix of skills, knowledge and experience throughout the reporting period in the following areas:

- Accounting, financial, and actuarial analysis
- Internal Audit
- Business judgement
- General management
- Local and international insurance and reinsurance, including product knowledge
- Familiarity with Gibraltar and Malta economies and their respective political and social contexts
- Familiarity with the Gibraltar and Malta legal, compliance and regulatory frameworks and requirements.

Members of the Board and the Group committees and those carrying out other significant functions have extensive knowledge and experience across a variety of areas. This ensures that there is an appropriate spread of skills for managing the business leadership and vision.

## 2.3 RISK MANAGEMENT SYSTEM AND ORSA

**Risk Management System**

The Board is ultimately responsible for ensuring the effectiveness of the risk management system, setting the Company's risk appetite and overall risk tolerance limits, as well as providing the main risk management strategies and policies.

Material risks addressed by the risk management system include the following:

- Underwriting risk
- Market risk
- Credit risk
- Liquidity risk
- Operational risk

The Board has established an AICEL Risk Management Policy. The Senior Risk Manager's responsibilities include:

- Ensuring the effective operation of the Company's risk management system
- Monitoring the risk management system
- Monitoring the general risk profile of the Company
- Reporting on risk exposures and advising Management and the Board on risk management matters

The Senior Risk Manager reports to the executive Group Risk Management Committee and to the Company's Board on a quarterly basis.

**Risk Management Strategies, Objectives, Processes and Reporting**

The Company aims to ensure that all material risks are considered when managing the business. The ultimate goal is to ensure policyholder protection and to enable the Company to achieve its overall strategic objectives, while maintaining regulatory compliance. The processes in place are intended to identify all material risks, minimise risks wherever possible, and manage and control all significant risks to within acceptable limits.

The Company has developed a Risk Appetite Statement, which provides a guide to management for the consideration of risk when managing the business. The statement includes the Company's:

- Risk Principles
- Risk Tolerances
- Risk Metrics

The actions and policies implemented to meet strategic objectives and regulatory obligations form the core of the risk management framework. The Company's systems, processes and controls are considered proportionate and appropriate to the nature, scale and complexity of the Company's risks and operations.

# GOVERNANCE

**Identification, Measurement, Monitoring, Management and Reporting of Risks**
The Company ensures that the risk management system and solvency assessment systems are embedded in the running of its business through the quarterly Group Risk Management Committee, and bi-monthly through its European Regional Risk Management Committee - Carrier (EURRMC) which considers the Company's specific risks. The Group Risk Management Committee has two regional risk management committees, one of which is the EURRMC, and a separate working group to monitor underwriting and claims risk; the P&C Collaboration Forum. All material risks, business decisions and strategic planning are brought to these committees or working groups and reported to the Board for review and approval. Business decisions are assessed taking into consideration the risks and the Company's appetite, as defined in the Company's Risk Appetite Statement. A solvency assessment is carried out on a forward-looking basis at least quarterly. The impact on solvency and capital from potential material business decisions is incorporated in the Medium-Term Capital Plan and reported to the EURRMC.

The Risk Register is a key input into the risk management framework, and any material changes in the underlying risks will be considered for potential impact on the Company's capital requirements. Such changes include, but are not limited to, changes in business mix, strategy, and investments.

The controls identified in the Risk Register to monitor, mitigate, and control the risks facing the Company are reviewed for continued relevance and documented. Compliance with the components of the controls is verified via the ongoing management reviews and Internal Audit. Any significant issues are reported to the Company's Board.

**Implementation of Risk Management Function**
The risk assessment exercise takes place annually in conjunction with the annual business planning and strategy review cycle. The identified risks, together with risk measurement and mitigation controls respectively, are recorded in the risk register of the Company. The risk identification process takes into consideration all material risks identified and included in the Financial Services (Insurance Companies) Regulations 2020 and uses the Group Risk Assessment Guidelines and Risk Register Templates. Risk Registers are reviewed and challenged by the Group Risk Management Committee and the Company's Board.

**Own Risk and Solvency Assessment**
**ORSA Process and Integration**
A policy setting out the parameters to satisfy the requirement to carry out an Own Risk and Solvency Assessment (ORSA) was established at Group level and adopted by the Company. The purpose of the policy is to ensure that all material risks faced by the Company are appropriately assessed and the level of capital required in managing these risks, or other risk mitigation measures, are determined and put in place. The ORSA provides the Board and Management with a thorough understanding of the Company's risk profile and provides the information needed to make appropriate decisions.

The Company produces an ORSA at least annually incorporating the output from the annual business planning process. Additional ORSAs may be produced in response to material changes to the Company's risk profile.

The ORSA is produced by Management in conjunction with the Group's Actuarial and Risk functions. The ORSA report is discussed and challenged by the Company's Board. The Company's Board maintains oversight, ensuring that the ORSA takes account of the Company's material risks and is aligned with the Board's strategy for the business.

# GOVERNANCE

The ORSA approval process includes comment, review, and approval by the EURRMC and final approval by the Company's Board.

**Relationship between Solvency Needs, Risk Profile, Capital Management and Risk Management**

The ORSA enables the Board to assess the Company's capital needs over the planning horizon. The ORSA is carried out taking due account of the Company's specific risk profile. This includes risks explicitly captured in the Standard Formula, as well as risks which are either not captured or not able to be mitigated through capital.

The ORSA process operates continuously throughout the year, with consideration being given as to whether any decisions, events, issues, market factors or similar are likely to impact the Company's risk profile, appetite, free reserves, or other relevant matters. In such a case, the impact on the Company's own assessment of its capital needs will be considered and, if required, a further ORSA, together with the SCR calculation, will be carried out. This ensures that the Company's existing and forecast capital position and risk profile are properly considered in any strategic decisions.

The Company's capital management policy has been established to ensure that the Company has in place the appropriate levels and quality of capital required by the SCR calculation and as determined by the ORSA. The policy aims to ensure that appropriate plans are in place to enable the Company to meet its capital requirements both in the immediate and the medium-term and that all items of own funds comply with the relevant rules, regulations, and legislation.

Management considers the capital requirements of the Company on a quarterly basis, and reports to the Group Risk Management Committee through the Medium-Term Capital Plan. The Medium-Term Capital Plan is prepared quarterly outlining the actions to be taken for the subsequent year, and further into the future as appropriate. These actions are based on:

- The adequacy of capital held as at the quarter end date
- A forecast of business performance
- The impact of distributing surplus capital
- Other business decisions in line with the Company's strategic goals.

The Medium-Term Capital Plan ensures that the Company is sufficiently capitalised to meet all statutory and regulatory requirements.

## 2.4 INTERNAL CONTROL SYSTEM

The Board has established a system of internal controls comprised of the internal control environment monitoring and reporting mechanisms to ensure that business objectives are achieved in an effective and efficient manner; and that reliable financial information is produced for the decision-making process.

The adherence to internal policies and procedures is an integral part of the business culture. Senior management of the Company ensure that the internal control system and control activities are commensurate with the risks arising and that all personnel are aware of their role and responsibilities.

**Monitoring and Reporting**

The Board has an established Compliance Function, which is responsible for the ongoing monitoring of, and reporting on, the Company's adherence to its internal control system. The compliance function is headed by the Compliance Officer, who is also the MLRO, and who reports to the EURRMC bi-monthly, and to the Board quarterly.

# GOVERNANCE

**Compliance Function**
The Company's Compliance function's primary responsibilities include:

- Establishment and implementation of the Company's compliance program
- Ensuring that all personnel are aware of their role in the Company's internal control system
- Monitoring and reporting on compliance with policies and procedures, applicable laws and regulations, as well as with the Board approved standard of business conduct policy
- Monitoring regulatory changes and advising Management and the Board where such changes have implications for the Company's regulatory compliance risks
- Advising Management and the Board on compliance issues pertaining to:
  - Corporate Governance
  - The prevention of money laundering and terrorist financing
  - Know Your Customer and Due Diligence process
  - Data privacy and protection
  - Customer complaints

Non-compliance incidents are dealt with promptly in proportion to the severity of the incident.

## 2.5 INTERNAL AUDIT FUNCTION

The Internal Audit function is outsourced to the Group and is managed by the Chief Global Compliance and Audit Officer who coordinates independent audits and reports to the Board of the Company and directly to the Group Audit Committee.

The Group's Internal Audit policy covers the scope, authority, and responsibilities of the Internal Audit function. The Internal Audit function is responsible for developing and implementing a Board-approved audit plan that sets out the following:

- The audit work to be undertaken during each fiscal year, considering strategic business objectives, the complete system of governance, and the relevant regulatory requirements
- A risk-based approach in deciding its priorities focusing on the areas of greatest risk to the business
- Assessment and adherence to the effectiveness of internal systems and controls, procedures, and policies
- The timing and submission of the internal audit report to the Board

The Internal Audit function will issue timely reports following each audit which include commentary on whether appropriate and effective action has been taken by management on significant findings.

Where necessary, the Internal Audit function may carry out audits and/or special investigations as requested by Senior Executives and the Board.

# GOVERNANCE

## 2.6 ACTUARIAL FUNCTION

The Company's Actuarial Function is managed by an employed individual within the Group and encompasses the requirements of the Financial Services (Insurance Companies) Regulations 2020. The Function is responsible for the following key areas:

- Overseeing and validating the calculation of technical provisions
- Calculating the Company's Solvency Capital Requirement
- Opining on the adequacy of reinsurance arrangements
- Opining on the overall underwriting policy
- Contributing to the Company's risk management system

The Company engages an external actuarial firm to carry out the reserve calculations, and to opine on the reinsurance arrangements and underwriting policy, under the oversight of the Actuarial Function holder, and ultimately the Board. The Actuarial Function holder is responsible for providing a recommendation to Management regarding the adequacy of the reserves. The Actuarial Function holder reports at least annually to the Board on the nature, reliability, and adequacy of the Company's reserves for insurance liabilities.

The Actuarial Function contributes to the effectiveness of the risk management framework, particularly as it relates to policyholder obligations, potential exposures, and capital requirements. Analyses performed by the Actuarial Function include but are not limited to:

- Own risk and solvency self-assessment at least annually (ORSA)
- Asset liability matching quarterly
- Experience analyses at least annually
- Effectiveness of underwriting processes
- Effectiveness/appropriateness of reinsurance arrangements
- Product profitability, business performance

The Actuarial function reports on its activities via the relevant Group executive management committees and to the Board.

## 2.7 OUTSOURCING

The Company governs it's outsourcing arrangements, including those for critical functions, through its Group Vendor Management Policy, thereby ensuring that the outsourced functions are conducted in a sound manner in compliance with applicable laws and regulations, and in doing so, ensuring that the Company meets its financial and service obligations to policyholders. The Group Vendor Management Policy also applies to the outsourcing of non-critical functions.

The Vendor Management policy sets out a robust governance process to follow when selecting a Third-Party Service Provider (TPSP). Prior to the appointment of a TPSP, due diligence is undertaken by Management to assess the suitability, competency, and capability of each TPSP to carry out the outsourced function and the control environment in which it operates. Part of the control environment assessment is to ensure that the TPSP has sufficient data security controls in place to protect the Company data and that of its policyholders, as well as having an appropriate business continuity plan.

# GOVERNANCE

The Group Vendor Management Policy sets out a process for Management to monitor the performance of each outsourced critical function or service and to report to the Company all instances of non-compliance with the policy or breach of laws and regulations in a timely manner.

**Outsourcing Providers by Location:**
The table below shows both the critical and non-critical operational functions which are outsourced by the Company and the location of that service providers' operations.

| Third Party Outsourced Service Description | Location |
|---|---|
| Claims handling services | Spain |
| Payroll | Gibraltar/Malta |
| Actuarial Review | Ireland |
| Internal Audit Field Work & Reporting | Gibraltar/Malta |

The following table highlights the operational functions that are sourced from within the Group:

| Intra-Group Outsourced Service | Location |
|---|---|
| Actuarial Function | Bermuda (Group) |
| IT Infrastructure & Support | Bermuda (Group) |
| Investment Function | Bermuda (Group) |
| Internal Audit Function | Bermuda (Group) |

## 2.8 ANY OTHER INFORMATION

The Company aims to continuously improve its compliance and governance systems by ensuring that they are reviewed, evaluated, and that recommendations are made to the Board regarding enhancing and developing systems. The Company also considers relevant advice and guidelines from industry bodies. New processes are implemented where appropriate and relevant for the size and complexity of the Company. Internal audits and external audits provide independent evaluation of the Company's systems of governance. Recommendations from these audits are considered by the Board and implemented in a manner proportionate to the business' risks.

# RISK

To facilitate effective business operations and to maintain consistency in its risk management process of risk identification, measurement, management, monitoring and reporting, the Company has identified material risks to which it is exposed. These risks are recorded on the Company's Risk Register and reviewed on at least an annual basis.

For each material risk, the Company has described the various mitigation controls and risk treatment to minimise or reduce the risk exposure arising.

The material risks to which the company is exposed include the following:

- Underwriting risk
- Market risk
  - Currency risk
  - Interest rate risk
  - Equity price risk
- Credit (Default) risk
- Concentration of credit risk
- Liquidity risk
- Operational risk

## 3.1 UNDERWRITING RISK

Underwriting risk can arise from inadequate pricing or risk selection, inappropriate reserving, or other fluctuations in the frequency and severity of insured events.

The Company manages underwriting risk through regular reviews of the performance of the portfolio of business including loss ratios, claims frequency, claims costs and premiums. This is linked to a continuous feedback cycle of reserving and claims development. In Gibraltar the Company distributes its policies on a direct basis and via a network of brokers whilst in Malta business is distributed via tied insurance intermediaries and independent brokers in competitive but stable small markets.

Claims are handled in-house, while specialist external legal or claims advice may be sourced for larger or more complex claims. Motor claims arising from incidents in Spain or involving Spanish third parties are outsourced to a third-party claims handler. Reserving practices and approach are set by the Company based on local market experience and results arising from external actuarial reviews.

### Material Risk Concentrations

The Company underwrites a variety of classes of insurance, so the portfolio is diversified and not restricted to one product. Underwriting risk is monitored through the P&C Collaboration Forum. Property risk concentration exposure is closely monitored in Gibraltar due to the size and built-up nature of the jurisdiction. The Company relies on several key intermediaries for its business; these relationships are monitored and managed closely.

### Risk Mitigations

The Company mitigates underwriting risk through the purchase of reinsurance protection and implementation of appropriate controls. Reinsurance is placed with counterparties that have a strong credit rating. Reinsurers are selected on the strength of financial ratings A- or higher as measured by Standard and Poor or A. M. Best. Management regularly monitors and performs an assessment of creditworthiness of reinsurers.

### Stress and Sensitivity Testing

AICEL carried out stress testing as part of the ORSA process which considered reduced business volumes, loss ratio deterioration, and a reduction to the duration of claims settlement. Management has appropriate measures in place to monitor these risks and their assessment is that the SCR will continue to be met to a level within risk appetite.

# RISK

## 3.2 MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market factors. Market factors include three types of risk: currency risk, interest rate risk and equity risk.

### Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's principal transactions are carried out in Sterling and Euros and its exposure to foreign exchange risk arises primarily with respect to Euros from the Malta business. The Company's practice is to ensure that all Euro-denominated liabilities are matched with Euro-denominated assets, thus mitigating currency exposure.

### Interest Rate Risk

Interest rate risk is the potential for financial loss arising from changes in interest rates. Change in market interest rates can impact the reinvestment of matured investments, as the returns available on the new investment may be significantly different from the returns previously achieved. The Company manages these risks through:

- Asset allocation and diversification of the investment portfolio
- Investing in fixed income assets that closely match the liability product cash flows for products with fixed and highly predictable benefit payments
- Quantifying and reviewing regularly the risk associated with the mismatch in portfolio duration and cash flow

### Equity Price Risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company manages equity price risk by setting and monitoring the objectives and constraints on investments, diversification plans, and the limits on investments in each country, sector, and market.

The Company has no significant concentration of equity price risk.

### Prudent Person Principle

In accordance with the Group Investment Policy, investment activities are conducted at all times in accordance with all applicable external regulations and within the internal guidelines set for the Group's investment managers. The security, quality, liquidity, and profitability of the portfolio is outlined in section A.2. of this report.

The investment objectives are to manage investment risks consistent with the Group Risk Appetite, to minimise net interest rate risk exposure, to maintain sufficient liquidity, and to maximise the long-term risk-adjusted investment returns.

The executive Asset Liability Management Committee of the Argus Group Holdings board annually reviews the Group Investment Policy including the targeted asset mix for each product range. They also monitor compliance with the Policy quarterly and escalate any case where tolerance limits are exceeded.

### Stress and Sensitivity Testing

The portfolio was stress tested by applying reductions in value to both the fixed income and equity portfolios; the latter was stressed more markedly given it is traditionally more volatile. Results show that the Company could withstand the shock in that the solvency coverage would remain within appetite.

# RISK

## 3.3 CREDIT RISK

**Maximum Exposure to Credit Risk**
The Company manages credit risk by applying diversification requirements, such as investing by asset class, geography, and industry. The Company conducts regular reviews of credit quality ratings of its investments and conducts active credit risk governance, including independent monitoring and review, and reporting to management and the Company's Board.

**Concentration of Credit Risk**
Concentrations of credit risk arise from exposures to a single debtor, a group of related debtors, or groups of debtors that have similar credit risk characteristics in that they operate in the same geographic region or in similar industries. The characteristics are similar in that changes in economic or political environments may impact their ability to meet obligations as they come due. Aged receivables are monitored and reviewed on a quarterly basis; any significant aggregation is brought to the attention of the management. Similarly, reinsurance concentration limits are in place and reinsurance recoverables are monitored on a regular basis.

**Stress and Sensitivity Testing**

The portfolio was stress tested by modelling the effects of an immediate loss due to a counterparty failure of AICEL's largest counterparty with recovery of the balance limited to 50%. Results show that the Company's solvency coverage would remain within appetite immediately following the loss.

## 3.4 LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet all cash outflow obligations as they fall due. The Company's asset-liability management process allows it to maintain its financial position by ensuring that sufficient liquid assets are available to cover its potential liability funding requirements. The Company invests in various types of assets with a view to matching them with its liabilities of various durations. To strengthen its liquidity further, the Company actively manages and monitors its capital and asset levels, diversification and credit quality of its investments, cash forecasts, and actual amounts against established targets.

Short-term (less than one year) liquidity needs are more than adequately met by maturing bonds, the sale of equities, as well as by current operating cash flows. Longer duration cash flows are also backed by a broader range of asset classes including equity and other non-fixed income assets.

Based on the Company's historical cash flows and current financial performance, Management believes that the cash flow from the Company's operating activities will continue to provide sufficient liquidity for the Company to satisfy insurance liability and debt service obligations and to pay other expenses as they fall due.

# RISK

For insurance contract liabilities, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance liabilities.

**Stress and Sensitivity Testing**
Liquidity risk is not subject to separate stress or sensitivity testing as it is not deemed to be material to AICEL given the nature of its investment portfolio and strategy.

## 3.5 OPERATIONAL RISK

Operational risk is defined as the risk of financial loss, and reputational or brand damage, resulting from inadequate or failed internal processes, people, systems or from external events, including legal and compliance risk.

The Company has an Operational Risk Management Policy, and procedures which cover the following areas:

- Identification of material operational risks to which the Company is, or might be, exposed and assessment of how to mitigate these risks
- Activities and internal processes for managing operational risks, including the IT systems
- Definition of risk tolerance limits regarding operational risk
- A process to identify, record and analyse the causes of operational risk events resulting from control breakdowns or non-compliance with operating Policies and Procedures, as well as customer complaints.
- The Company has established the following controls to mitigate operational risk:
  - Four-eyes processes for review and analysis
  - Information systems controls, as well as physical controls to ensure the integrity and protection of the Company's and customer's data is adequate
  - Employee training and awareness of the various cyber risks/threats and how to guard against them
  - Bi-monthly reporting of operational risk events, including customer complaints to the EURRMC and significant issues arising to the Board on a quarterly basis
  - Disaster Recovery and Business Continuity plans

**Stress and Sensitivity Testing**
Operational costs were stress tested by imposing a higher than planned inflation rate as well as by considering an immediate and significant financial loss associated with an unexpected operational risk. These stresses are over and above the operational risk capital amount prescribed within the SCR. The results show that the Company could withstand such an unplanned financial loss.

# RISK

## 3.6 OTHER MATERIAL RISKS

A risk register of significant risks is maintained by Management and is reviewed by the EURRMC. As part of the risk management framework, AICEL continually looks to identify and assess the impacts caused by emerging or evolving risks. AICEL considers the following to be additional potentially material risks to the business:

**Legislative and regulatory changes**
Gibraltar's ongoing alignment with UK regulators to ensure continued access to the UK market through the Gibraltar Access Regime mechanism, represents an increase in oversight and new regulation for insurers undertaking domestic business only, not least in the areas of Conduct and Operational Resilience. AICEL and the Argus Group employs individuals with appropriate qualifications and significant experience in various legal and regulatory environments to guide the business through these requirements.

**Inflation**
AICEL recognises the risk of inflation affecting its claims costs and monitors this carefully. The external actuary also provides an opinion on the potential effect of inflation as part of the biannual reserve review and, where appropriate, estimated ultimate loss ratios take inflation into account.

## 3.7 ANY OTHER INFORMATION

None.

# VALUATION FOR SOLVENCY PURPOSES

The valuation methods used are based on International Accounting Standards, as used in the Company's financial statements.

As previously stated, the Company adopted IFRS 17 and IFRS 9 for the first time for the year ended 31 March 2024. Note that the adoption of IFRS 17 resulted in significant changes to the IFRS balance sheet's presentation.

Significant changes from prior reporting under IFRS 4 includes the removal of the line items below (previously reported under IFRS 4):

- Gross Premium written
- Reinsurance ceded
- Net Change in unearned premium
- Policy benefits
- Claims and adjustment expenses
- Reinsurance recoveries
- Gross change in contract liabilities
- Changes in reinsures' share of claims provisions.

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Income/expenses from reinsurance contracts held
- Net finance income/expenses from insurance contracts
- Net finance income/expenses from reinsurance contracts held.

# VALUATION FOR SOLVENCY PURPOSES

## 4.1 ASSETS

The following table shows the differences between the Solvency II valuations of asset classes and those in the Company's Statutory Financial Statements:

| ASSETS | Solvency II Value £000 | IFRS Value £000 | Variance £000 |
|---|---|---|---|
| Deferred tax assets | 113 | - | 113 |
| Property, plant & equipment held for own use | 1,617 | 1,992 | (375) |
| Equities – listed | 2,073 | 2,073 | - |
| Government Bonds | 15,851 | 15,851 | - |
| Corporate Bonds | 11,020 | 11,020 | - |
| Reinsurance recoverables: Non-life excluding health | 5,376 | - | 5,376 |
| Reinsurance recoverables: Health similar to non-life | (24) | - | (24) |
| Insurance and intermediaries receivables | 2,657 | | 2,657 |
| Reinsurance contract assets | | | |
| R- AIC | - | 4,668 | (4,668) |
| R- ARC | - | 598 | (598) |
| Receivables (trade, not insurance) | 2,011 | - | 2,011 |
| Other assets | - | 595 | (595) |
| Cash and cash equivalents | 6,042 | 6,042 | - |
| **TOTAL ASSETS** | **46,736** | **42,839** | **3,898** |

The key differences between the Company's assets on an IFRS basis and on a Solvency II are as follows:

- **Property, plant & equipment held for own use** - valued at market value under Solvency II.
- **Government Bonds** - accrued dividends not included under Solvency II
- **Corporate Bonds** - accrued dividends not included under Solvency II
- **Reinsurance recoverables:** Non-life excluding health - See Section D.2. for details
- **Reinsurance recoverables:** Health similar to non-life - See Section D.2. for details
- **Insurance and intermediaries receivables** - Receivables that are not overdue form part of the future cash flows reported within provisions for Solvency II and under IFRS 17, insurance receivables is included in the LRC
- **Receivables (trade, not insurance)** - Prepayments are valued at zero under Solvency II under IFRS 17, insurance receivables is included in the LRC
- **Reinsurance contract asset:** IFRS 17 measurement which largely represents the premium paid, adjusted for ceding commissions that are not contingent on claims and any amounts previously recognised for cash flows related to the group of reinsurance contracts.

# VALUATION FOR SOLVENCY PURPOSES

## 4.2 TECHNICAL PROVISIONS

Technical provisions represent the insurance liabilities as of the reporting date. The Technical provisions comprise of the Best Estimate of Liabilities (BEL) and a risk margin determined in accordance with the Financial Services (Insurance Companies) Regulations 2020 regulations 65 to 80. There have been no material changes or updates to assumptions in the calculation of the technical provisions for the Company as at 31 March 2024, as set out in the following table:

| £000 | Net BEL | Risk Margin | Net Solvency II Technical Provisions |
|---|---|---|---|
| Best Estimate Liabilities | | | |
| Motor Liability | 10,293 | 259 | 10,552 |
| Motor Other | 5,956 | 150 | 6,105 |
| General Liability | 2,697 | 68 | 2,765 |
| Property | 300 | 8 | 307 |
| Marine | 95 | 2 | 98 |
| Income Protection | 373 | 9 | 382 |
| **SOLVENCY II TECHNICAL PROVISIONS** | **19,714** | **496** | **20,210** |
| **Expected Profit included in Future Premiums** | **253** | | |

# VALUATION FOR SOLVENCY PURPOSES

**Actuarial Methodologies and Assumptions**
The BEL is comprised of two components, the claims provision and the premium provision. The claims provision represents the liability for the unpaid portion of the claims that have occurred as of the valuation date. The premium provision represents the present value of the expected cash flows on the unexpired portion of all in-force policies, and policies to which the Company is contractually bound that have yet to incept. These are commonly referred to as Bound But Not Incepted exposures (BBNI).

The starting point for deriving the BEL is the Company's unpaid claims liabilities on an IFRS basis. Traditional actuarial techniques are used, such as the Paid and Reported Loss Development methods, the Bornhuetter Ferguson method, the Expected Loss Ratio method and the Case Reserve Development method. The particular method selected for a particular reserve segment is judgmentally selected based on the applicability of each method and the availability of data to support each method.

No assumptions regarding Management actions are included in the calculation of the technical provisions. Expected policyholder behaviour is captured through the expected lapse rates with respect to policies in force, or bound, but not incepted underlying the derivation of the premium provisions.

Expected lapse rates are based on the Company's average lapse experience by reserve segment.

The key differences between the Company's insurance liabilities on an IFRS basis and on a Solvency II are as follows:

- **Discounting** – Cash flows are discounted using the risk-free term structure provided by European Insurance and Occupational Pensions Authority (EIOPA).
- **Unearned Premium** – These are replaced by premium provisions, which are valued on a best estimate basis taking account of all future premium cash inflows.
- **Expenses** – Expenses include run-off expenses; ceded expenses take account of reinsurance commissions from the Company's reinsurance programmes.
- **BBNI** – The technical provisions include future premium cash flows not yet due in respect of BBNI exposures up to the relevant contract boundary.
- **Adjustment for counterparty default** – Ceded liabilities are reduced for expected reinsurer default using the probability of default applicable to the credit rating of the counterparty as specified by the EIOPA guidance.
- **Events Not in Data (ENIDs)** – There may be possible future events which are not reflected in the historical data of the Company or the market. ENIDs are typically viewed as being low frequency and high severity events, but consideration also needs to be given to the potential for favourable loss experience not in the data. An ENID loading is applied to lines of business, and it applies to both the claims provisions and the premium provisions. The uplift factor is derived as the ratio of the "true mean" to the "mean only including realistically foreseeable events."

**Allocation to Lines of Business**
Best estimates and cash flows are calculated separately for each line of business. Data used in the derivation of the BEL has been satisfactorily segmented into homogeneous risk groups, consistent with the requirements of Solvency II.

**Reinsurance Recoverables**
The Company purchases reinsurance as part of its risk mitigation programme. Reinsurance is placed on both a proportional and non-proportional basis. The expected cash flow of ceded losses for each year is based on the difference between the expected cash flow of gross and net unpaid claims liabilities, offset by an adjustment for expected reinsurer default.

# VALUATION FOR SOLVENCY PURPOSES

**Risk Margin**
The risk margin has been calculated using Method 1. This method approximates the individual risks within all modules to be used for the calculation of future SCR. The future SCR is projected with this method until the BEL is fully run-off. A cost of capital rate of 6% is applied at each SCR estimate and discounted using the yield curve provided by EIOPA to estimate the cost of capital required to support the liabilities.

**Material Changes**
As previously stated, the Company adopted IFRS 17 and IFRS 9 for the first time for the year ended 31 March 2024.

The calculation of the risk margin continues to be performed by the Company's internal Actuarial function. The Company has consistently used the Method 1 to calculate the risk margin.

**Level of Uncertainty**
There is inherent uncertainty in estimating the technical provisions. Uncertainty may arise from the following areas:

- Outstanding losses may ultimately settle at a higher or lower amount than estimated from known information as of the valuation date;
- Future losses on both expired and unexpired business are based on actuarial assumptions, which take account of past experience and anticipated future changes. These assumptions may prove to differ from actual experience;
- ENIDs, by their nature are unpredictable and any allowance for ENIDs may prove to be overstated or understated;
- Expense assumptions are based on reasonable judgement reflecting past experience where appropriate. These assumptions may ultimately prove to differ from actual experience;
- Impact from unforeseen economic, legal and social trends.

The following table shows the movement from the IFRS insurance liabilities to the Solvency II technical provisions:

| £000 | Net |
|---|---|
| **IFRS Reserves** | **25,071** |
| Remove Unearned Premium Reserve | (8,713) |
| Expected Losses on Unexpired Risks | 4,706 |
| Expected Losses on BBNI Risks | 472 |
| Premium Receivables net of Expenses | (1,619) |
| ENIDs | 783 |
| Counterparty Default | 1 |
| Effect of Discounting | (980) |
| Risk Margin | 489 |
| **Other** | - |
| **SOLVENCY II TECHNICAL PROVISIONS** | **20,210** |

# VALUATION FOR SOLVENCY PURPOSES

### 4.3 OTHER LIABILITIES

The valuation methods used are based on International Accounting Standards, as used in the Company's financial statements. The following table shows the differences between the Solvency II valuations of liability classes and those in the Company's Statutory Accounts. Explanations for the differences have been provided below the table.

- Technical Provisions – Non-life: best estimate - See Section D.2. for details
- Technical Provisions – Non-life: risk margin - See Section D.2. for details
- Technical Provisions – Health: best estimate - See Section D.2. for details
- Technical Provisions – Health: risk margin - See Section D.2. for details
- Insurance and intermediaries payables - payables that are not overdue form part of the future cash flows reported within provisions.
- Insurance contract liabilities: IFRS 17 measurement for premiums paid post discounting and risk adjustment

| LIABILITIES | Solvency II Value £000 | IFRS Value £000 | Variance £000 |
|---|---|---|---|
| Technical Provisions – Non-life: best estimate | 24,720 | - | 24,720 |
| Technical Provisions – Non-life: risk margin | 486 | - | 486 |
| Technical Provisions – Health (similar to non-life) | 348 | - | 348 |
| Technical Provisions – Health (similar to non-life) | 9 | - | 9 |
| Insurance and intermediaries payables | 3,272 | - | 3,272 |
| Insurance contract liabilities | | | |
| LRC | - | 5,853 | (5,853) |
| LIC | - | 20,135 | (20,135) |
| Other payables | - | 1,964 | (1,964) |
| Payables (trade, not insurance) | 3,937 | 136 | 3,801 |
| **TOTAL LIABILITIES** | **32,774** | **28,088** | **4,686** |

### 4.4 ALTERNATIVE METHODS FOR VALUATION

None.

### 4.5 ANY OTHER INFORMATION

None.

# CAPITAL MANAGEMENT

## 5.1 OWN FUNDS

The Group's capital management policy ensures that AICEL has in place the appropriate levels and quality of capital required by the SCR calculation and to meet the internal view of capital as determined by the ORSA. AICEL's business planning period in this regard is over a 5-year time horizon. The policy aims to ensure that appropriate plans are in place to enable the Company to meet its capital requirements both in the immediate and the medium-term and that all items of own funds comply with the relevant rules, regulations, and legislation. The Medium-Term Capital Plan ensures that the Company is sufficiently capitalised to meet all statutory and regulatory requirements.

All the Company's own funds, except for deferred tax assets, are in the form of fully paid-up Share Capital. There were no dividend payments to Argus Group Holdings (Europe) Limited during the year.

The eligible amount of own funds to cover the SCR and MCR, classified by tiers is outline din the table below.

| OWN FUND ITEM | 2024 £000 | 2023 £000 | Quality |
|---|---|---|---|
| Share Capital | 6,984 | 6,984 | Tier 1 |
| Share Premium | 1,400 | 1,400 | Tier 1 |
| Reconciliation Reserve | 5,465 | 5,694 | Tier 1 |
| Deferred Tax Asset | 113 | 16 | Tier 3 |
| **TOTAL** | 13,962 | 14,094 | |

# CAPITAL MANAGEMENT

## 5.2 SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

**SCR and MCR**

There has not been any non-compliance with the SCR or MCR over the financial years ended 31 March 2024 and 2023.

As at 31 March 2024, due to the unfavourable claims development incurred during the year resulting in the increase in the net ultimate ratios, the total value of the available capital reduced comparing to prior year. The increase in reserves together with the substantial growth in Malta premiums resulted in the increase in the non-life underwriting risk charge. This was a prime factor leading to an increase in the level of the required capital and the reduction in SCR coverage.

| £000 | 2024 | 2023 |
|---|---|---|
| Solvency II minimum capital requirement (MCR) | 3,495 | 3,186 |
| Solvency II solvency capital requirement (SCR) | 9,884 | 9,320 |
| Solvency II eligible own funds | 13,962 | 14,094 |
| Solvency Capital Requirement Ratio | 141% | 151% |

# CAPITAL MANAGEMENT

**SCR by Risk Module**
The SCR and the Minimum Capital Requirement (MCR) for the Company as at 31 March 2024 is shown by risk module in the following table.

**Calculation of the SCR**
The Company uses the Standard Formula to determine the SCR. No simplifications have been used for any of the risk modules of the SCR, and the Company does not use any undertaking specific parameters.

No capital add-ons have been applied to the SCR figures. In addition, the Company does not use the duration-based equity risk sub-module in the calculation of the SCR.

**Inputs Used to Calculate of the MCR**
The inputs used to calculate the MCR are shown in the following table.

The MCR determined per the Standard Formula is the absolute floor of £3.5 million.

| RISK MODULE | £000 |
|---|---|
| **Market Risk** | 2,900 |
| Counterparty Risk | 2,158 |
| Health Non-Similar to Life Techniques Underwriting Risk | 944 |
| Non-Life Underwriting Risk | 6,393 |
| Diversification | (3,262) |
| **Basic Solvency Capital Requirement** | **9,133** |
| Operational Risk | 751 |
| **Solvency Capital Requirement** | **9,884** |
| **Minimum Capital Requirement** | **3,495** |

| LINE OF BUSINESS £'000 | Net Best Estimate Liabilities | Net Written Premiums in the last 12 months |
|---|---|---|
| Motor Liability | 10,293 | 6,297 |
| Motor Other | 5,956 | 6,531 |
| General Liability | 2,697 | 2,094 |
| Property | 300 | 847 |
| Marine | 95 | 85 |
| **Income Protection** | 373 | 1,639 |
| **TOTAL** | **19,714** | **17,493** |

# CAPITAL MANAGEMENT

## 5.3 USE OF THE DURATION-BASED EQUITY RISK SUB-MODULE IN THE CALCULATION OF THE SOLVENCY CAPITAL REQUIREMENT

Not applicable as long term business is not underwritten.

## 5.4 DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODEL USED

The Company uses the Standard Formula.

## 5.5 NON-COMPLIANCE WITH THE MINIMUM CAPITAL REQUIREMENT AND NON-COMPLIANCE WITH THE SOLVENCY CAPITAL REQUIREMENT

There has not been any non-compliance with the SCR or MCR over the financial year.

## 5.6 ANY OTHER INFORMATION

None.

Date 5 July 2024

# APPENDICES

## ANNUAL QRTS 2023

The templates are included as follows:

| | |
|---|---|
| **S.02.01.01** | Balance Sheet |
| **S.05.01.02** | Premiums, claims and expenses by line of business |
| **S.05.02.01** | Premiums, claims and expenses by country |
| **S.17.01.02** | Non-Life Technical Provisions |
| **S.19.01.21** | Non-life insurance claims |
| **S.23.01.01** | Own funds |
| **S.25.01.21** | Solvency Capital Requirement – for undertakings on Standard Formula |
| **S.28.01.01** | Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity. |

## S.02.01.02
Balance Sheet

| £000 | | Solvency II value |
|---|---|---|
| CHM | Assets | C0010 |
| R0030 | Intangible assets | - |
| R0040 | Deferred tax assets | 112 |
| R0050 | Pension benefit surplus | - |
| R0060 | Property, plant & equipment held for own use | 1,617 |
| R0070 | Investments (other than assets held for index-linked and unit-linked contracts) | 28,944 |
| R0080 | Property (other than for own use) | - |
| R0090 | Holdings in related undertakings, including participations | - |
| R0100 | Equities | 2,072 |
| R0110 | Equities - listed | 2,072 |
| R0120 | Equities - unlisted | - |
| R0130 | Bonds | 26,872 |
| R0140 | Government Bonds | 15,851 |
| R0150 | Corporate Bonds | 11,020 |
| R0160 | Structured notes | - |
| R0170 | Collateralised securities | - |
| R0180 | Collective Investments Undertakings | - |
| R0190 | Derivatives | - |
| R0200 | Deposits other than cash equivalents | - |
| R0210 | Other investments | - |
| R0220 | Assets held for index-linked and unit-linked contracts | - |
| R0230 | Loans and mortgages | - |
| R0240 | Loans on policies | - |
| R0250 | Loans and mortgages to individuals | - |
| R0260 | Other loans and mortgages | - |
| R0270 | Reinsurance recoverables from: | 5,352 |
| R0280 | Non-life and health similar to non-life | 5,352 |
| R0290 | Non-life excluding health | 5,376 |
| R0300 | Health similar to non-life | (24) |
| R0310 | Life and health similar to life, excluding health and index-linked and unit-linked | - |
| R0320 | Health similar to life | - |
| R0330 | Life excluding health and index-linked and unit-linked | - |
| R0340 | Life index-linked and unit-linked | - |
| R0350 | Deposits to cedants | - |
| R0360 | Insurance and intermediaries receivables | 2,657 |
| R0370 | Reinsurance receivables | - |
| R0380 | Receivables (trade, not insurance) | 2,011 |
| R0390 | Own shares (held directly) | - |
| R0400 | Amounts due in respect of own fund items or initial fund called up but not yet paid in | - |
| R0410 | Cash and cash equivalents | 6,042 |
| R0420 | Any other assets, not elsewhere shown | |
| R0500 | TOTAL ASSETS | 46,736 |

## S.02.01.02
Balance Sheet

| £000 | | Solvency II value |
|---|---|---|
| CHM | **Liabilities** | **C0010** |
| R0510 | Technical provisions – non-life | 25,564 |
| R0520 | Technical provisions – non-life (excluding health) | 25,207 |
| R0530 | TP calculated as a whole | - |
| R0540 | Best Estimate | 24,720 |
| R0550 | Risk margin | 486 |
| R0560 | Technical provisions - health (similar to non-life) | 358 |
| R0570 | TP calculated as a whole | - |
| R0580 | Best Estimate | 348 |
| R0590 | Risk margin | 9 |
| R0600 | Technical provisions - life (excluding index-linked and unit-linked) | - |
| R0610 | Technical provisions - health (similar to life) | - |
| R0620 | TP calculated as a whole | - |
| R0630 | Best Estimate | - |
| R0640 | Risk margin | - |
| R0650 | Technical provisions – life (excluding health and index-linked and unit-linked) | - |
| R0660 | TP calculated as a whole | - |
| R0670 | Best Estimate | - |
| R0680 | Risk margin | - |
| R0690 | Technical provisions – index-linked and unit-linked | - |
| R0700 | TP calculated as a whole | - |
| R0710 | Best Estimate | - |
| R0720 | Risk margin | - |
| 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 | 3,272 |
| R0830 | Reinsurance payables | - |
| R0840 | Payables (trade, not insurance) | 3,937 |
| R0850 | Subordinated liabilities | - |
| R0860 | Subordinated liabilities not in Basic Own Funds | - |
| R0870 | Subordinated liabilities in Basic Own Funds | - |
| R0420 | Any other liabilities, not elsewhere shown | - |
| R0900 | TOTAL LIABILITIES | 32,774 |
| R1000 | EXCESS OF ASSETS OVER LIABILITIES | 13,962 |

## S.05.01.02

### Premiums, claims and expenses by line of business

### Non-life

| | | Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance) | | | | | | | | | | | | Line of Business for:accepted non-proportional reinsurance | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Medical expense insurance | Income protection insurance | Workers' compensation insurance | Motor vehicle liability insurance | Other motor insurance | Marine, aviation and transport insurance | Fire and other damage to property insurance | General liability insurance | Credit and suretyship insurance | Legal expenses insurance | Assistance | Miscellaneous financial loss | Health | Casualty | Marine, aviation, transport | Property | **Total** |
| | | C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 | C0100 | C0110 | C0120 | C0130 | C0140 | C0150 | C0160 | C0200 |
| | **Premiums written** | | | | | | | | | | | | | | | | | |
| R0110 | Gross - Direct Business | - | 1,798 | - | 7,779 | 6,664 | 491 | 6,315 | 2,679 | - | - | - | - | | | | | 25,727 |
| R0120 | Gross - Proportional reinsurance accepted | - | - | - | - | - | - | - | - | - | - | - | - | | | | | - |
| R0130 | Gross - Non-proportional reinsurance accepted | | | | | | | | | | | | | - | - | - | - | - |
| R0140 | **Reinsurers' share** | - | 218 | - | 1,310 | - | 406 | 5,037 | 401 | - | - | - | - | - | - | - | - | 7,372 |
| R0200 | **Net** | - | 1,580 | - | 6,469 | 6,664 | 86 | 1,278 | 2,278 | - | - | - | - | - | - | - | - | 18,355 |
| | **Premiums earned** | | | | | | | | | | | | | | | | | |
| R0210 | Gross - Direct Business | - | 1,863 | - | 7,728 | 6,641 | 488 | 5,574 | 2,479 | - | - | - | - | | | | | 24,772 |
| R0220 | Gross - Proportional reinsurance accepted | - | - | - | - | - | - | - | - | - | - | - | - | | | | | - |
| R0230 | Gross - Non-proportional reinsurance accepted | | | | | | | | | | | | | - | - | - | - | - |
| R0240 | Reinsurers' share | - | 218 | - | 1,309 | - | 401 | 4,713 | 366 | - | - | - | - | - | - | - | - | 7,005 |
| R0300 | **Net** | - | 1,645 | - | 6,419 | 6,641 | 87 | 861 | 2,113 | - | - | - | - | - | - | - | - | 17,767 |
| | **Claims incurred** | | | | | | | | | | | | | | | | | |
| R0310 | Gross - Direct Business | - | 20 | - | 2,173 | 2,679 | 207 | 1,481 | 862 | - | - | - | - | | | | | 7,424 |
| R0320 | Gross - Proportional reinsurance accepted | - | - | - | - | - | - | - | - | - | - | - | - | | | | | - |
| R0330 | Gross - Non-proportional reinsurance accepted | | | | | | | | | | | | | - | - | - | - | - |
| R0340 | Reinsurers' share | - | - | - | - | - | 146 | 1,283 | - | - | - | - | - | - | - | - | - | 1,430 |
| R0400 | **Net** | - | 20 | - | 2,173 | 2,679 | 61 | 198 | 862 | - | - | - | - | - | - | - | - | 5,994 |
| | **Changes in other technical provisions** | | | | | | | | | | | | | | | | | |
| R0410 | Gross - Direct Business | - | 129 | - | 2,006 | 1,201 | 21 | 462 | (491) | - | - | - | - | | | | | 3,327 |
| R0420 | Gross - Proportional reinsurance accepted | - | - | - | - | - | - | - | - | - | - | - | - | | | | | - |
| R0430 | Gross - Non- proportional reinsurance accepted | | | | | | | | | | | | | - | - | - | - | - |
| R0440 | Reinsurers'share | - | 1 | - | (1,013) | - | 15 | 439 | (289) | - | - | - | - | - | - | - | - | (847) |
| R0500 | Net | - | 128 | - | 3,019 | 1,201 | 5 | 24 | (203) | - | - | - | - | - | - | - | - | 4,174 |
| R0550 | **Expenses incurred** | - | 783 | - | 2,974 | 2,731 | 127 | 656 | 1,073 | - | - | - | - | - | - | - | - | 8,343 |
| R1200 | **Other expenses** | | | | | | | | | | | | | | | | | - |
| R1300 | **Total expenses** | | | | | | | | | | | | | | | | | 8,343 |

## S.05.01.02

### Premiums, claims and expenses by country
### Non-life

| | | Home Country | Top 5 countries (by amount of gross premiums written) - non-life obligations | | | | | Total Top 5 and home country |
|---|---|---|---|---|---|---|---|---|
| | | C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 |
| | | | MT | - | - | - | - | |
| | **Premiums written** | C0080 | C0090 | C0100 | C0110 | C0120 | C0130 | C0140 |
| R0110 | Gross - Direct Business | | | | | | | |
| R0120 | Gross - Proportional reinsurance accepted | 11,776 | 13,951 | - | - | - | - | 25,727 |
| R0130 | Gross - Non-proportional reinsurance accepted | - | - | - | - | - | - | - |
| R0140 | **Reinsurers' share** | - | - | - | - | - | - | - |
| R0200 | **Net** | 4,701 | 2,671 | - | - | - | - | 7,372 |
| | **Premiums earned** | 7,074 | 11,280 | - | - | - | - | 18,355 |
| R0210 | Gross - Direct Business | | | | | | | |
| R0220 | Gross - Proportional reinsurance accepted | 11,025 | 13,747 | - | - | - | - | 24,772 |
| R0230 | Gross - Non-proportional reinsurance accepted | - | - | - | - | - | - | - |
| R0240 | Reinsurers' share | - | - | - | - | - | - | - |
| R0300 | **Net** | 4,506 | 2,499 | - | - | - | - | 7,005 |
| | **Claims incurred** | 6,519 | 11,248 | - | - | - | - | 17,767 |
| R0310 | Gross - Direct Business | | | | | | | |
| R0320 | Gross - Proportional reinsurance accepted | 3,354 | 4,069 | - | - | - | - | 7,424 |
| R0330 | Gross - Non-proportional reinsurance accepted | - | - | - | - | - | - | - |
| R0340 | Reinsurers' share | - | - | - | - | - | - | - |
| R0400 | **Net** | 1,050 | 379 | - | - | - | - | 1,430 |
| | **Changes in other technical provisions** | 2,304 | 3,690 | - | - | - | - | 5,994 |
| R0410 | Gross - Direct Business | | | | | | | |
| R0420 | Gross - Proportional reinsurance accepted | 521 | 2,806 | - | - | - | - | 3,327 |
| R0430 | Gross - Non- proportional reinsurance accepted | - | - | - | - | - | - | - |
| R0440 | Reinsurers'share | - | - | - | - | - | - | - |
| R0500 | Net | (589) | (258) | - | - | - | - | (847) |
| R0550 | **Expenses incurred** | 1,110 | 3,064 | - | - | - | - | 4,174 |
| R1200 | **Other expenses** | - | - | - | - | - | - | - |
| R1300 | **Total expenses** | | | | | | | - |

## S.17.01.02
Non-Life Technical Provisions

| | | Direct business and accepted proportional reinsurance | | | | | | | | | | | | Accepted non-proportional reinsurance | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Medical expense insurance | Income protection insurance | Workers' compensation insurance | Motor vehicle liability insurance | Other motor insurance | Marine, aviation and transport insurance | Fire and other damage to property insurance | General liability insurance | Credit and suretyship insurance | Legal expenses insurance | Assistance | Miscellaneous financial loss | Non-proportional health reinsurance | Non-proportional casualty reinsurance | Non-proportional marine, aviation and transport reinsurance | Non-proportional property reinsurance | **Total Non-Life obligation** |
| | | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 | C0100 | C0110 | C0120 | C0130 | C0140 | C0150 | C0160 | C0170 | C0180 |
| R0110 | Technical provisions calculated as a whole | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| R0120 | 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 | | | | | | | | | | | | | | | | | |
| | Premium provisions | | | | | | | | | | | | | | | | | |
| R0060 | Gross | | | | | | | | | | | | | | | | | |
| R0140 | Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | - | 31 | - | 2,034 | 2,123 | 91 | 799 | 349 | - | - | - | - | - | - | - | - | 5,427 |
| R0150 | Net Best Estimate of Premium Provisions | - | (22) | - | 292 | (51) | 79 | 818 | (39) | - | - | - | - | - | - | - | - | 1,076 |
| | Claims provisions | - | 53 | - | 1,742 | 2,174 | 12 | (19) | 388 | - | - | - | - | - | - | - | - | 4,350 |
| R0160 | Gross | | | | | | | | | | | | | | | | | |
| R0240 | Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | - | 317 | - | 9,323 | 3,766 | 285 | 3,657 | 2,294 | - | - | - | - | - | - | - | - | 19,642 |
| R0250 | Net Best Estimate of Claims Provisions | - | (2) | - | 772 | (16) | 202 | 3,325 | (5) | - | - | - | - | - | - | - | - | 4,276 |
| R0260 | Total Best estimate - gross | - | 319 | - | 8,551 | 3,782 | 83 | 332 | 2,299 | - | - | - | - | - | - | - | - | 15,367 |
| R0270 | Total Best estimate - net | - | 348 | - | 11,357 | 5,889 | 376 | 4,456 | 2,643 | - | - | - | - | - | - | - | - | 25,069 |
| R0280 | Risk margin | - | 373 | - | 10,293 | 5,956 | 95 | 314 | 2,687 | - | - | - | - | - | - | - | - | 19,717 |
| | | - | 9 | - | 259 | 150 | 2 | 8 | 68 | - | - | - | - | - | - | - | - | 496 |
| | Amount of the transitional on Technical Provisions | | | | | | | | | | | | | | | | | |
| R0290 | Technical Provisions calculated as a whole | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| R0300 | Best estimate | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| R0310 | Risk margin | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Technical provisions - total | | | | | | | | | | | | | | | | | |
| R0320 | Technical provisions - total | - | 358 | - | 11,615 | 6,039 | 378 | 4,464 | 2,710 | - | - | - | - | - | - | - | - | 25,564 |
| R0330 | Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total | - | (24) | - | 1,063 | (66) | 281 | 4,142 | (44) | - | - | - | - | - | - | - | - | 5,352 |
| R0340 | Technical provisions minus recoverables from reinsurance/SPV and Finite Re - totalR1300 Total expenses | - | 382 | - | 10,552 | 6,105 | 97 | 321 | 2,755 | - | - | - | - | - | - | - | - | 20,212 |

## S.19.01.21

Non-Life Insurance claims

**Total Non-Life Business**

### Gross Claims Paid (non-cumulative)

(absolute amount)

| | Development Year<br>Year | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 & + | | In Current year | Sum of years (cumulative) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 | C0100 | C0110 | | C0170 | C0180 |
| R0100 | Prior | | | | | | | | | | | 3 | | 3 | 3 |
| R0160 | N-9 | 2,900 | 1,564 | 346 | 240 | 495 | 306 | 6,383 | 9 | 6 | (3) | | | (3) | 12,248 |
| R0170 | N-8 | 3,095 | 1,586 | 330 | 182 | 215 | 25 | 9 | 325 | 2 | | | | 2 | 5,770 |
| R0180 | N-7 | 2,414 | 1,712 | 289 | 149 | 38 | 130 | 17 | 7 | | | | | 7 | 4,756 |
| R0190 | N-6 | 2,581 | 1,730 | 416 | 248 | 73 | 54 | 19 | | | | | | 19 | 5,120 |
| R0200 | N-5 | 3,552 | 2,224 | 366 | 110 | 423 | 87 | | | | | | | 87 | 6,762 |
| R0210 | N-4 | 2,758 | 1,903 | 256 | 377 | 593 | | | | | | | | 593 | 5,887 |
| R0220 | N-3 | 2,459 | 1,630 | 262 | 145 | | | | | | | | | 145 | 4,496 |
| R0230 | N-2 | 3,327 | 2,256 | 624 | | | | | | | | | | 624 | 6,207 |
| R0240 | N-1 | 3,205 | 2,607 | | | | | | | | | | | 2,607 | 5,811 |
| R0250 | N | 3,367 | | | | | | | | | | | | 3,367 | 3,367 |
| R0260 | | | | | | | | | | | | | Total | **7,450** | **60,427** |

### Gross undiscounted Best Estimate Claims Provisions

(absolute amount)

| | Development Year<br>Year | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 & + | | Year end (discounted data) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | C0200 | C0210 | C0220 | C0230 | C0240 | C0250 | C0260 | C0270 | C0280 | C0290 | C0300 | | C0360 |
| R0100 | Prior | | | | | | | | | | | 187 | | 8 |
| R0160 | N-9 | - | 392 | 816 | 13,035 | 12,355 | 6,118 | 64 | 53 | 27 | 13 | | | 1 |
| R0170 | N-8 | 898 | 1,194 | 1,031 | 701 | 614 | 403 | 377 | 22 | 71 | | | | 70 |
| R0180 | N-7 | 2,290 | 1,334 | 1,019 | 918 | 1,170 | 339 | 346 | 250 | | | | | 147 |
| R0190 | N-6 | 4,068 | 1,648 | 1,403 | 720 | 621 | 279 | 184 | | | | | | 175 |
| R0200 | N-5 | 4,283 | 2,267 | 1,395 | 1,230 | 462 | 243 | | | | | | | 233 |
| R0210 | N-4 | 5,730 | 3,202 | 2,208 | 1,530 | 697 | | | | | | | | 665 |
| R0220 | N-3 | 5,406 | 2,776 | 2,073 | 1,661 | | | | | | | | | 1,593 |
| R0230 | N-2 | 5,591 | 3,578 | 2,517 | | | | | | | | | | 2,390 |
| R0240 | N-1 | 6,903 | 5,185 | | | | | | | | | | | 4,959 |
| R0250 | N | 9,506 | | | | | | | | | | | | 9,401 |
| R0260 | | | | | | | | | | | | | Total | **19,642** |

## S.23.01.01
## Own Funds

| £000 | Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35 | Total | Tier 1 - unrestricted | Tier 1 - restricted | Tier 2 | Tier 3 |
|---|---|---|---|---|---|---|
| | | C0010 | C0020 | C0030 | C0040 | C0050 |
| R0010 | Ordinary share capital (gross of own shares) | 6,984 | 6,984 | | - | |
| R0030 | Share premium account related to ordinary share capital | 1,400 | 1,400 | | - | |
| R0040 | Iinitial 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 | 5,466 | 5,466 | | | |
| R0140 | Subordinated liabilities | - | | - | - | - |
| R0160 | An amount equal to the value of net deferred tax assets | 112 | | | | 112 |
| R0180 | 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** | | | | | |
| 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 | - | | | | |
| | Deductions | | | | | |
| R0230 | Deductions for participations in financial and credit institutions | - | - | - | - | - |
| R0290 | **Total basic own funds after deductions** | 13,962 | 13,849 | - | - | 112 |
| | **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 | - | | | - | |

## S.23.01.01
### Own Funds - *continued*

| £000 | **Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35** | Total | Tier 1 - unrestricted | Tier 1 - restricted | Tier 2 | Tier 3 |
|---|---|---|---|---|---|---|
| | | C0010 | C0020 | C0030 | C0040 | C0050 |
| 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** | - | | | - | - |
| | **Available and eligible own funds** | | | | | |
| R0500 | Total available own funds to meet the SCR | 13,962 | 13,849 | - | - | 112 |
| R0510 | Total available own funds to meet the MCR | 13,849 | 13,849 | - | - | |
| R0540 | Total eligible own funds to meet the SCR | 13,962 | 13,849 | - | - | 112 |
| R0550 | Total eligible own funds to meet the MCR | 13,849 | 13,849 | - | - | |
| R0580 | **SCR** | 9,884 | | | | |
| R0600 | **MCR** | 3,495 | | | | |
| R0620 | **Ratio of Eligible own funds to SCR** | 1.4126 | | | | |
| R0640 | **Ratio of Eligible own funds to MCR** | 3.9630 | | | | |

| | **Reconciliation reserve** | C0060 |
|---|---|---|
| R0700 | Excess of assets over liabilities | 13,962 |
| R0710 | Own shares (held directly and indirectly) | - |
| R0720 | Foreseeable dividends, distributions and charges | - |
| R0730 | Other basic own fund items | 8,496 |
| R0740 | Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds | - |
| R0760 | Reconciliation reserve | 5,466 |
| | 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)** | - |

## S.25.01.21

## Solvency Capital Requirement - for undertakings on Standard Formula

| £000 | | Gross solvency capital requirement | USP | Simplifications |
|---|---|---|---|---|
| | | C0110 | C0090 | C0120 |
| R0010 | Market risk | 2,898 | | |
| R0020 | Counterparty default risk | 2,158 | | |
| R0030 | Life underwriting risk | - | | |
| R0040 | Health underwriting risk | 943 | | |
| R0050 | Non-life underwriting risk | 6,393 | | |
| R0060 | Diversification | (3,261) | | |
| R0070 | Intangible asset risk | - | | |
| R0100 | Basic Solvency Capital Requirement | 9,132 | | |

| CHM | Calculation of Solvency Capital Requirement | C0100 |
|---|---|---|
| R0130 | **Operational risk** | 752 |
| 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 | 9,884 |
| R0210 | **Capital add-on already set** | - |
| R0220 | Solvency capital requirement | 9,884 |
| | **Other information on SCR** | |
| R0400 | **Capital requirement for duration-based equity risk sub-module** | - |
| R0410 | **Total amount of Notional Solvency Capital Requirement for remaining part** | - |
| R0420 | Total amount of Notional Solvency Capital Requirements for ring fenced funds | - |
| R0430 | Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios | - |
| R0440 | Diversification effects due to RFF nSCR aggregation for article 304 | - |

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

| £000 | Linear formula component for non-life insurance and reinsurance obligations | C0110 | | |
|---|---|---|---|---|
| R0010 | MCRNL Result | 3,335 | | |
| | | | Net (of reinsurance/SPV) best estimate and TP calculated as a whole | Net (of reinsurance) written premiums in the last 12 months |
| CHM | | | C0020 | C0030 |
| R0020 | Medical expenses insurance and proportional reinsurance | | - | - |
| R0030 | Income protection insurance and proportional reinsurance | | 373 | 1,580 |
| R0040 | Workers' compensation insurance and proportional reinsurance | | - | - |
| R0050 | Motor vehicle liability insurance and proportional reinsurance | | 10,293 | 6,469 |
| R0060 | Other motor insurance and proportional reinsurance | | 5,956 | 6,664 |
| R0070 | Marine, aviation and transport insurance and proportional reinsurance | | 95 | 86 |
| R0080 | Fire and other damage to property insurance and proportional reinsurance | | 314 | 1,278 |
| R0090 | General liability insurance and proportional reinsurance | | 2,687 | 2,278 |
| R0100 | Credit and suretyship insurance and proportional reinsurance | | - | - |
| R0110 | Legal expenses insurance and proportional reinsurance | | - | - |
| R0120 | Assistance and proportional reinsurance | | - | - |
| R0130 | Miscellaneous financial loss insurance and proportional reinsurance | | - | - |
| R0140 | Non-proportional health reinsurance | | - | - |
| R0150 | Non-proportional casualty reinsurance | | - | - |
| R0160 | Non-proportional marine, aviation and transport reinsurance | | - | - |
| R0170 | Non-proportional property reinsurance | | - | - |

| | Linear formula component for life insurance and reinsurance obligations | | | |
|---|---|---|---|---|
| CHM | | C0040 | | |
| R0200 | **MCRL Result** | - | | |
| | | | Net (of reinsurance/SPV) best estimate and TP calculated as a whole | Net (of reinsurance/SPV) total capital at risk |
| CHM | | | C0050 | C0060 |
| R0210 | Obligations with profit participation - guaranteed benefits | | - | |
| R0220 | Obligations with profit participation - future discretionary benefits | | - | |
| R0230 | Index-linked and unit-linked insurance obligations | | - | |
| R0240 | Other life (re)insurance and health (re)insurance obligations | | - | |
| R0250 | Total capital at risk for all life (re)insurance obligations | | | - |
| | | C0070 | | |
| CHM | Overall MCR calculation | 3,335 | | |
| R0300 | Linear MCR | 9,884 | | |
| R0310 | SCR | 4,448 | | |
| R0320 | MCR cap | 2,471 | | |
| R0330 | MCR floor | 3,335 | | |
| R0340 | Combined MCR | 3,495 | | |
| R0350 | **Absolute floor of the MCR** | | | |
| | | C0070 | | |
| R0400 | Minimum Capital Requirement | **3,495** | | |

**Argus Insurance Company (Europe) Limited**
Unit G.04 West One,
Europoort Road,
Gibraltar, GX11 1AA

Mailing Address:
PO Box 199
Gibraltar, GX11 1AA

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